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新奥燃气控股有限公司
XinAo Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2688)

(Website : www.xinaogas.com)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION
MASTER MARITIME TRANSPORTATION SERVICE AGREEMENT

The Board wishes to announce that on 18 February 2009, the Company has entered into the Master Maritime Transportation Service Agreement with a Wang Family Company. As the Wang Family Companies are associates of Mr. Wang, a substantial Shareholder, the transactions contemplated under the Master Maritime Transportation Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Board anticipates that one or more of the relevant percentage ratios (under rule 14.07 of the Listing Rules) for the transactions contemplated under the Master Maritime Transportation Service Agreement will exceed 0.1% but will all be less than 2.5% on an annual basis, such transactions are subject to the announcement and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

THE MASTER MARITIME TRANSPORTATION SERVICE AGREEMENT

The Board wishes to announce that the Company has entered into the Master Maritime Transportation Service Agreement which sets out principles upon which detailed terms are to be determined in respect of each transaction to be carried out pursuant to the Master Maritime Transportation Service Agreement.

Date: 18 February 2009

Parties: a. the Company
b. a Wang Family Company

Term: 2 years commencing from 1 January 2009 to 31 December 2010

Subject matter:

The Wang Family Companies will provide maritime transportation service to the Group for the transportation of energy including but not limited to LPG, CNG and LNG.

Fees and payment terms:

The maritime transportation fee for transactions contemplated under the Master Maritime Transportation Service Agreement will be determined by reference to the market rate of similar transportation service provided by independent third parties, and where there are no comparable transportation service, will be at rates to be agreed by the parties which will be fair and reasonable. The maritime transportation fee shall be payable by the Group on a monthly basis.

Priority:

The Wang Family Companies may provide maritime transportation service to other third parties, provided that under the same terms, the Wang Family Companies shall provide such service to the Group with priority.

REASONS FOR ENTERING INTO THE MASTER MARITIME TRANSPORTATION SERVICE AGREEMENT

Since some of the Wang Family Companies are engaged in the provision of maritime transportation service with high-quality vessels and the necessary expertise which particularly suit the needs of the Group and priority is agreed to be given to the Group in their provision of such service, the Directors consider that it is in the interest of the Group to continue to engage such Wang Family Companies for their maritime transportation service in the course of the sale and distribution of gas of the Group to different locations in the PRC.

The Master Maritime Transportation Service Agreement was entered into in the ordinary and usual course of business of the Group and the terms of which were negotiated on an arm's length basis and were on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms of the Master Maritime Transportation Service Agreement, including the transportation fee, are fair and reasonable and in the interests of the Shareholders as a whole.

HISTORICAL FIGURES AND ANNUAL CAPS

The transaction amounts paid by the Group for maritime transportation service of the Wang Family Companies for the financial year ended 31 December 2007 and the six months ended 30

June 2008 are approximately RMB5,688,000 and RMB3,539,000 respectively.

The Company intends to set the Annual Caps as follows:

	Annual Cap	
	Financial year ending 31 December	
	2009	2010
<i>(in RMB)</i>	81,120,000	139,920,000
<i>(approximately in HK\$)</i>	91,666,000	158,110,000

The Annual Caps are determined based on the projected volume of sale of gas of the Group to different locations in the PRC which is expected to require maritime transportation service of the Wang Family Companies for the two financial years ending 31 December 2009 and 2010 and the estimated market rates of transportation fees for such period. The significant increase in the amount of Annual Caps when compared with the above historical figures is due to a substantial increase in the anticipated demand of LPG from customers or potential customers of the Group for the two financial years ending 31 December 2009 and 2010, which results from the Group's recent business strategies.

Based on the above, the Board (including the independent non-executive Directors) considers that the Annual Caps are fair and reasonable.

COMPLIANCE WITH THE LISTING RULES

As the Wang Family Companies are associates of Mr. Wang, a substantial Shareholder, the transactions contemplated under the Master Maritime Transportation Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the Board anticipates that one or more of the relevant percentage ratios (under rule 14.07 of the Listing Rules) for the transactions contemplated under the Master Maritime Transportation Service Agreement will exceed 0.1% but will all be less than 2.5% on an annual basis, such transactions are subject to the announcement and reporting requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

GENERAL

The Group is one of the first non state-owned piped gas operators in the PRC. The principal business of the Group is the investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped gas and LPG in the PRC. Its business activities also consist of the sale of gas appliances and equipment, the production of stored value card gas meters and the provision of repair, maintenance and other services in connection with gas supply.

DEFINITIONS

“Annual Cap(s)”	the maximum aggregate annual value(s) of the transactions contemplated under the Master Maritime Transportation Service Agreement for each of the two financial years ending 31 December 2009 and 2010
“associate(s)”	as such term is defined under the Listing Rules
“Board”	the board of Directors
“CNG”	compressed natural gas
“Company”	Xinao Gas Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of Stock Exchange
“connected person(s)”	as such term is defined under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“LPG”	liquefied petroleum gas
“Master Maritime Transportation Service Agreement”	the maritime transportation service agreement (海洋運輸服務協議) dated 18 February 2009 entered into between the Company and a Wang Family Company for a term of 2 years commencing on 1 January 2009
“Mr. Wang”	Mr. Wang Yusuo (王玉鎖), the chairman, an executive Director and a controlling Shareholder at the date of this announcement

“PRC”	the People’s Republic of China and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	the registered holder(s) of share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang Family Company(ies)”	company(ies) to which Mr. Wang and/or his associates is/are entitled to exercise or control the exercise of 30% or more of the voting power at any general meeting of such companies, thereby being associate(s) of Mr. Wang and thus connected person(s) of the Company
“%”	per cent.

In this announcement, the following exchange rate has been used for illustration purpose:

RMB1.00 = HK\$1.13

As at the date of this announcement, the Board comprises eight executive Directors, namely Mr. Wang Yusuo (Chairman), Mr. Chen Jiacheng (Chief Executive Officer), Mr. Zhao Jinfeng, Mr. Yu Jianchao, Mr. Cheung Yip Sang, Mr. Cheng Chak Ngok, Mr. Liang Zhiwei and Ms. Zhai Xiaoqin; two non-executive Directors, namely Ms. Zhao Baoju and Mr. Jin Yongsheng; and three independent non-executive Directors, namely Mr. Wang Guangtian, Ms. Yien Yu Yu, Catherine and Mr. Kong Chung Kau.

By order of the Board
XinAo Gas Holdings Limited
CHENG Chak Ngok
Executive Director and Company Secretary

Hong Kong, 18 February 2009