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新奥燃气控股有限公司

XinAo Gas Holdings Limited

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2688)

(Website: www.xinaogas.com)

CONNECTED TRANSACTIONS INVOLVING

(1) ACQUISITION OF LAND USE RIGHTS AND BUILDING OWNERSHIP RIGHTS AND

(2) PROVISION OF SERVICES

(1) Acquisition of Land Use Rights and Building Ownership Rights

On 13 April 2010, Xinao China, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Xinao Technology pursuant to which Xinao China agreed to purchase, and Xinao Technology agreed to sell, the land use rights and building ownership rights of the Property for an aggregate consideration of RMB50 million (approximately HK\$56.82 million).

(2) Provision of Services

On 13 April 2010, Langfang Xinao (a wholly-owned subsidiary of the Company) and ENN Solar entered into the Service Contract pursuant to which ENN Solar will provide services in relation to design and installation of a solar power system for Langfang Xinao at the Contract Fee.

(3) Listing Rules Implications

As at the date of this announcement, each of Xinao Technology and ENN Solar is a company to which Mr. Wang and his family members and their respective 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. As such each of Xinao Technology and ENN Solar is a connected person of the Company and the entering into of each of the Sale and Purchase Agreement and the

Service Contract constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of each of the Acquisition and the provision of the Services is more than 0.1% but less than 2.5%, each of the Acquisition and the provision of the Services is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

1. ACQUISITION OF LAND USE RIGHTS AND BUILDING OWNERSHIP RIGHTS

The Directors are pleased to announce that on 13 April 2010, Xinao China, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Xinao Technology pursuant to which Xinao China agreed to purchase, and Xinao Technology agreed to sell, the land use rights and building ownership rights of the Property for an aggregate consideration of RMB50 million (approximately HK\$56.82 million).

(a) The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

Date:	13 April 2010
Parties:	Xinao China, a wholly-owned subsidiary of the Company Xinao Technology, a company incorporated in the PRC with limited liability
Consideration:	RMB50 million of which RMB45 million is payable in cash within 7 days upon the signing of the Sale and Purchase Agreement and the remaining RMB5 million payable in cash upon Xinao China obtaining the relevant land use rights certificate (土地使有權證書) and building ownership rights certificate (房屋所有權證書) from relevant PRC government authorities in relation to the Property.

(b) The Property

The Property comprises an office block situated at Huaxiang Road West and Guangyang Road South, Langfang Economic and Technical Development Zone, PRC with a total floor area of approximately 15,457 sq m. The Property will be used as an office block for the Group.

(c) The Consideration

The Consideration under the Sale and Purchase Agreement is RMB50 million and shall be payable by cash in two installments as abovementioned. The Consideration has been agreed by the Group and Xinao Technology after arm's length negotiations and has been determined by reference to an independent valuation of the Property as at 8 April 2010 of approximately RMB50.3 million appraised by the Valuer.

Payment of the Consideration will be financed by the Group's internal resources.

(d) Delivery of the Property and Completion

Pursuant to the Sale and Purchase Agreement, Xinao Technology shall deliver the Property fit for office use to Xinao China on or before 31 May 2010. Xinao Technology has also agreed to assist Xinao China to obtain land use rights certificate (土地使有權證書) and building ownership rights certificate (房屋所有權證書) of the Property within six-month period from the signing of the Sale and Purchase Agreement. If the land use rights certificate (土地使有權證書) and building ownership rights certificate (房屋所有權證書) of the Property in the name of Xinao China are not obtained before the end of the six months period from the date of signing of the Sale and Purchase Agreement due to the default of Xinao Technology, Xinao Technology shall pay to Xinao China penalty charge in respect of the amount already paid by Xinao China with reference to the prevailing interest rate for lending in RMB as quoted by the People's Bank of China until the land use rights certificate (土地使有權證書) and building ownership rights certificate (房屋所有權證書) of the Property in the name of Xinao China are obtained.

Completion of the Acquisition shall take place when both land use rights certificate (土地使有權證書) and building ownership rights certificate (房屋所有權證書) of the Property in the name of Xinao China have been issued.

(e) Original Purchase Cost of the Property

Xinao Technology originally acquired the land use rights of a piece of vacant land of approximately RMB97.5 million (comprising the land parcel on which the Property is situated) at a land price of approximately RMB202 per sq m in 2006 for development into office blocks of which the Property forms part. The Property is currently under development.

(f) Reasons for the Acquisition

The Group intends to use the Property as office space to support the Group's expanding operations in Langfang. The Acquisition will also help the Group in saving future rental payment.

(g) Information relating to Xinao Technology

Xinao Technology is principally engaged in the design and production of energy-saving facilities and products, construction and operation of industrial factory, research and development center and laboratories.

2. PROVISION OF SERVICES

The Directors are pleased to announce that on 13 April 2010, Langfang Xinao (a wholly-owned subsidiary of the Company), and ENN Solar entered into the Service Contract pursuant to which ENN Solar will provide services in relation to design and installation of a solar power system for Langfang Xinao at the Contract Fee.

(a) The Service Contract

The principal terms of the Service Contract are as follows:

Date:	13 April 2010
Parties:	Langfang Xinao, a wholly-owned subsidiary of the Company ENN Solar, a company established in the PRC with limited liability
Construction Term:	90 days, subject to extension upon parties negotiation and mutual agreement.
Contract Fee:	RMB29 million (approximately HK\$34.95 million); 35% of Contract Fee (being RMB10.15 million) is payable in cash within 7 days from the date of signing of the Service Contract; 50% of the Contract Fee (being RMB14.5 million) is payable in cash within 7 days after delivery of solar film, power storage unit, etc.; and 10% of the Contract Fee (being RMB2.9 million) is payable in cash within 7 days after completion of the provision of Services; and the remaining 5% of the Contract Fee will be retained by Langfang Xinao as quality guarantee which will be payable in cash upon 7 days after one year anniversary of completion of the provision of Services.

(b) The Subject Matter

Pursuant to the Sale and Purchase Agreement, ENN Solar agreed to provide services in relation to a solar power system design, equipment purchase, project development, system installation and testing at national or industrial acceptable quality standard to Langfang Xinao. Pursuant to the Service Contract, (a) ENN Solar shall be responsible for, amongst other things, designing the solar power system with reasonable usage time of 25 years, purchasing equipments required for such solar power system, installing such solar power system on the relevant site of Langfang Xinao, and system maintenance service for a period of one year; and (b) Langfang Xinao shall be responsible for settling the Contract Fee and providing ENN Solar with the required information for the design of such solar power system.

The Contract Fee under the Service Contract is RMB29 million which was determined after arm's length negotiation between the parties and after taking into account of the scope of work to be carried out by and equipment to be supplied by ENN Solar under the Service

Contract and the estimated costs to be incurred by ENN Solar thereunder with reference to the market price of similar projects rendered.

(c) Reasons for entering into the Service Contract

The Company has always been actively looking for opportunities in alternative clean energy supplies other than natural gas. The solar power system to be installed under the Service Contract will be supplying electricity to the gas stations of the Group located in Langfang. As such, the Service Contract entered into with ENN Solar in respect of such solar power system is in line with the Group's strategy and focus.

(d) Information relating to ENN Solar

ENN Solar is principally engaged in the design, installation, testing and maintenance of solar power projects.

(e) Information relating to the Company

The Company acts as an investment holding company and its subsidiaries are principally engaged in the investment in, and the operation and management of, gas pipeline infrastructure and the sale and distribution of piped and bottled gas in the PRC.

3. LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Xinao Technology and ENN Solar is a company to which Mr. Wang and his family members and their respective 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, as such each of Xinao Technology and ENN Solar is a connected person of the Company and the entering into of each of the Sale and Purchase Agreement and the Service Contract constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios in respect of each of the Acquisition and the provision of the Services is more than 0.1% but less than 2.5%, each of the Acquisition and the provision of the Services is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

4. VIEW OF THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that each of the Acquisition and the provision of the Services is on terms which are on arm's length basis and the terms of each of the Acquisition and the provision of the Services are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

5. DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"%"	per cent.
"Acquisition"	the sale and purchase of the Property pursuant to the Sale and Purchase Agreement and any other transactions contemplated thereunder
"Board"	board of Directors
"Company"	XinAo Gas Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total amount of RMB50 million, being the consideration payable under the Sale and Purchase Agreement
"Contract Fee"	RMB29 million (approximately HK\$32.95 million), being the amount payable by Langfang Xinao to ENN Solar under the Service Contract
"Director(s)"	director(s) of the Company
"ENN Solar"	Langfang Xinao Solar Energy Integration Company Limited (廊坊新奧光伏集成有限公司), a company established in the PRC with limited liability, which as at the date of this announcement is an associate of Mr. Wang, thereby being a connected person of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Langfang Xinao"	Langfang Xinao Gas Company Limited (廊坊新奧燃氣有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary

	of the Company
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Wang"	Mr. Wang Yusuo, an executive Director, chairman and substantial shareholder of the Company
"PRC"	People's Republic of China
"Property"	an office block situated at Huaxiang Road West and Guangyang Road South, Langfang Economic and Technical Development Zone the PRC (廊坊經濟技術開發區華祥路西、廣陽道南)
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement entered into by Xinao China and Xinao Technology in connection with the Acquisition
"Services"	the services in relation to design and installation of solar power system provided by ENN Solar to Langfang Xinao pursuant to the Service Contract
"Service Contract"	the service contract dated 13 April 2010 entered into between Langfang Xinao and ENN Solar in relation to the provision of Services
"sq m"	square metre
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer"	Knight Frank Petty Limited, independent property valuer
"Xinao China"	Xinao China Gas Investment Company Limited (新奧(中國)燃氣投資有限公司), a company established in PRC with limited liability, which is a wholly-owned subsidiary of the Company
"Xinao Technology"	Xinao Technology Industry Company Limited (新奧高科工業有限公司), a company established in the PRC with limited liability, which as at the date of this announcement is an associate of Mr. Wang, thereby being a connected person of the Company

In this announcement, the exchange rate of RMB0.88 = HK\$1.00 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 13 April 2010

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. Wang Yusuo (Chairman)

Mr. Cheung Yip Sang (Chief Executive Officer)

Mr. Zhao Jinfeng

Mr. Yu Jianchao

Mr. Cheng Chak Ngok

Mr. Liang Zhiwei

Ms. Zhai Xiaoqin

Non-executive Directors:

Ms. Zhao Baoju

Mr. Jin Yongsheng

Independent non-executive Directors:

Mr. Wang Guangtian

Ms. Yien Yu Yu, Catherine

Mr. Kong Chung Kau