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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinao Gas Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE ITS OWN SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Xinao Gas Holdings Limited to be held at K-2 Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 May 2008 at 11:00 a.m. is set out on pages 14 to 18 of this Circular. Whether or not you propose to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

30 April 2008

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at K-2 Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 May 2008 at 11:00 a.m.
“Articles of Association”	the articles of association of the Company, as originally adopted or as from time to time altered in accordance with the Companies Law (Chapter 22) of the Cayman Islands or any applicable laws
“Board”	the board of Directors
“Buyback Mandate”	the general mandate authorising the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Buyback Mandate
“Company”	Xinao Gas Holdings Limited, an exempted company incorporated in the Cayman Islands on 20 July 2000 with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general mandate authorising the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	25 April 2008, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“XGII”	Xinao Group International Investment Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. WANG Yusuo (*Chairman*)
Mr. YANG Yu (*Chief Executive Officer*)
Mr. CHEN Jiacheng
Mr. ZHAO Jinfeng
Mr. QIAO Limin
Mr. YU Jianchao
Mr. CHEUNG Yip Sang
Mr. CHENG Chak Ngok

Non-executive Director:

Ms. ZHAO Baoju
Mr. JIN Yongsheng

Independent Non-executive Directors:

Mr. WANG Guangtian
Ms. YIEN Yu Yu, Catherine
Mr. KONG Chung Kau

Registered Office:

Ugland House
P O Box 309
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business in

Hong Kong:
Rooms 3101-03, 31st Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

Head office in the PRC:

Huaxiang Road
Langfang Economic and
Technical Development Zone
Langfang City
Hebei Province
The PRC

30 April 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND
TO REPURCHASE ITS OWN SHARES,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed renewal of the general mandates to allot, issue and deal with Shares and to repurchase its own Shares and the proposed re-election of Directors and to seek your approval of the relevant ordinary resolutions relating to these matters at the Annual General Meeting.

LETTER FROM THE BOARD

ISSUE MANDATE

On 29 May 2007, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with Shares. Such general mandate will lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew such general mandate at the Annual General Meeting.

Subject to the passing of the ordinary resolution granting the general mandate to issue new Shares and on the basis that no further Shares are issued or repurchased prior the Annual General meeting, the Company would be allowed under such general mandate to issue a maximum of 201,951,879 Shares representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

Ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors the Issue Mandate, and authorise the extension of the Issue Mandate, details of which are set out in ordinary resolutions numbered 5A and 5C respectively in the notice of Annual General Meeting.

BUYBACK MANDATE

Also on 29 May 2007, the Shareholders passed an ordinary resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such general mandate will lapse at the conclusion of the Annual General Meeting of the Company. It is therefore proposed to renew such general mandate at the Annual General Meeting.

An ordinary resolution will be proposed at the Annual General Meeting to grant to the Directors the Buyback Mandate, details of which are set out in ordinary resolution numbered 5B in the notice of Annual General Meeting. The Shares which may be repurchased pursuant to the Buyback Mandate are limited to a maximum of 100,975,939 Shares representing 10% of the issued share capital of the Company as at the date of passing of the resolution approving the Buyback Mandate.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Buyback Mandate, is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the executive Directors were Mr. WANG Yusuo, Mr. YANG Yu, Mr. CHEN Jiacheng, Mr. ZHAO Jinfeng, Mr. QIAO Limin, Mr. YU Jianchao, Mr. CHEUNG Yip Sang and Mr. CHENG Chak Ngok; and non-executive Directors were Ms. ZHAO Baoju and Mr. JIN Yongsheng; and the independent non-executive Directors were Mr. WANG Guangtian, Ms. YIEN Yu Yu, Catherine and Mr. KONG Chung Kau.

LETTER FROM THE BOARD

Pursuant to Article 116 of the Articles of Association, Mr. JIN Yongsheng, Ms. YIEN Yu Yu, Catherine, Mr. Kong Chung Kau, Mr. CHEUNG Yip Sang and Mr. CHEN Jiacheng shall retire by rotation at the Annual General Meeting and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out in pages 14 to 18 of this circular to consider the ordinary resolutions relating to, among others, the Issue Mandate, the Buyback Mandate, the extension of the Issue Mandate and the re-election of Directors.

RIGHT TO DEMAND A POLL

Pursuant to Article 80 of the Articles of Association, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting;
- (b) by at least five Shareholders present in person or by proxy and entitled to vote; or
- (c) by any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all the Shareholders having the right to attend and vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting.

Pursuant to Article 85 of the Articles of Association, at any general meeting, on a show of hands, every Shareholder present in person (or, in the case of a member being a corporation, by its duly authorized representative) shall have one vote and on a poll, every Shareholder present in person (or, in the case of a member being a corporation by its duly authorized representative) or by proxy shall have one vote for each Share held by him. On a poll, a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the granting of the Issue Mandate, the Buyback Mandate, the extension of the Issue Mandate and the re-election of Directors are all in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant ordinary resolutions to be proposed at the Annual General Meeting.

By order of the Board
XINAO GAS HOLDINGS LIMITED
WANG Yusuo
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide you with requisite information for your consideration of the Buyback Mandate.

1. EXERCISE OF THE BUYBACK MANDATE

Exercise in full of the Buyback Mandate, on the basis of 1,009,759,397 Shares in issue at the Latest Practicable Date could result in up to 100,975,939 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Buyback Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and Articles of Association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a Share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Main Board of the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the 2007 annual report of the Company) in the event that the Buyback Mandate is exercised in full. However, the Directors do not propose to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules, the memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates (as defined in the Listing Rules), have any present intention, if the Buyback Mandate is exercised, to sell Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to do so.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. WANG Yusuo and Ms. ZHAO Baoju (the spouse of Mr. WANG Yusuo), directors of the Company, together with XGII (a company which is beneficially owned as to 50% by Mr. WANG Yusuo and 50% by Ms. ZHAO Baoju) were beneficially interested in an aggregate of 335,669,000 Shares, representing approximately 33.24% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Buyback Mandate, the shareholdings of Mr. WANG Yusuo and Ms. ZHAO Baoju together with XGII would be increased to approximately 36.94% of the issued share capital of the Company. Then, Mr. WANG Yusuo and Ms. ZHAO Baoju together with XGII could be required under Rule 26 of the Takeovers Code to make a mandatory offer in respect of all the issued shares of the Company by reason of such increase.

Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Buyback Mandate. The Directors will use their best endeavours to ensure that the Buyback Mandate will not be exercised to the extent that the number of Shares held by the public would be reduced to less than 25 per cent. of the issued share capital of the Company. The Directors have no intention to exercise the Buyback Mandate which may result in possible mandatory offer being made under the Takeovers Code.

5. SHARE PURCHASED BY THE COMPANY

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The table below is a summary of the monthly highest and lowest traded prices in each of the previous twelve months prior to the Latest Practicable Date and for the month of April 2008 up to the Latest Practicable Date:

	Highest Traded Price	Lowest Traded Price
	<i>HK\$</i>	<i>HK\$</i>
2007		
April	9.20	7.97
May	11.20	8.82
June	10.60	8.78
July	11.60	9.80
August	13.00	8.80
September	16.52	10.86
October	16.00	13.50
November	15.50	12.60
December	15.50	14.00
2008		
January	15.40	10.96
February	15.00	11.12
March	14.80	12.50
April (up to Latest Practice Date)	14.76	12.10

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting:

Mr. JIN Yongsheng

Mr. JIN Yongsheng, aged 44, is a non-executive Director appointed by the Company in 2006. He graduated from the Tianjin University of Finance and Economics in 1986, specializing in finance, obtained an executive master's degree in business administration from the Peking University in 2005. Prior to joining the Group in 1996, he was an assistant professor in the Township and Village Enterprise Cadre College of the Ministry of Agriculture. Mr. Jin is a qualified practicing lawyer in the PRC and has over 18 years of experience in legal practice. Mr. Jin is a director of XGII, which is a controlling shareholder of the Company. He has been appointed as the Chief Executive Officer and an Executive Director of Enric Energy Equipment Holdings Limited (Stock Code: 3899) on 5 June 2006.

Save as disclosed above, Mr. JIN has not held any positions with any members of the Group and in the last three years, he had not held any other directorships in any listed public companies.

Mr. JIN was re-appointed by the Company for a term of three years commencing 4 December 2005, and the appointment can be terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. JIN does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. JIN did not have any interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of non-executive Directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. Mr. JIN is entitled to an annual remuneration of HK\$150,000.00 for the year ended 31 December 2007.

Save as disclosed above, Mr. JIN has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Ms. YIEN YU Yu, Catherine

Ms. YIEN Yu Yu, Catherine, aged 37, is an independent non-executive Director appointed by the Company in 2004. She is also a member of the audit committee and the remuneration committee of the Company. She is currently a director of N M Rothschild & Sons (Hong Kong) Limited. She graduated from the Imperial College of Science, Technology

and Medicine of University of London in England with a Joint Honours Degree in Mathematics with Management (BSc Hons). Ms. YIEN is a holder of the Chartered Financial Analyst designation and an ordinary member of the Hong Kong Securities Institute. She has extensive experience in the areas of corporate finance, investment, mergers and acquisitions.

Save as disclosed above, Ms. YIEN has not held any positions with any members of the Group and in the last three years, she had not held any other directorships in any listed public companies.

Ms. YIEN was re-appointed by the Company for a term of three years commencing 28 September 2005, and the appointment can be terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Ms. YIEN does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, Ms. YIEN did not have any interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of non-executive Directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. Ms. YIEN is entitled to an annual remuneration of HK\$150,000.00 for the year ended 31 December 2007.

Save as disclosed above, Ms. YIEN has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. KONG Chung Kau

Mr. KONG Chung Kau, aged 38, is an independent non-executive Director appointed by the Company in 2005. He is also a member of the audit committee and the remuneration committee of the Company. He is currently a sole proprietor of C.K. Kong & Co. Certified Public Accountants. Mr. KONG is a Certified Public Accountant holding practicing certificate, a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Kong has extensive experience in auditing, tax planning and finance.

Save as disclosed above, Mr. KONG has not held any positions with any members of the Group and in the last three years, he had not held any other directorships in any listed public companies.

Mr. KONG was re-appointed by the Company for a term of three years commencing 31 March 2005, and the appointment can be terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. KONG does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, Mr. KONG did not have any interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of non-executive Directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. Mr. KONG is entitled to an annual remuneration of HK\$150,000.00 for the year ended 31 December 2007.

Save as disclosed above, Mr. KONG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

MR. CHEUNG YIP SANG

Mr. CHEUNG Yip Sang, aged 41, is an executive Director and Deputy General Manager of the Company responsible for exploring the piped gas market in the PRC. He holds various directorships in 24 principal subsidiaries of the Group and 6 jointly-controlled entities/associates of the Group. He holds a bachelor's degree in Legal Studies from The Chinese People's Armed Police Force Academy. Prior to joining the Group in 1998, he was the sales manager of Eastern Guangdong Region of Shantou Jiadan Beer Company Limited. Mr. Cheung has extensive experience in marketing and sales.

Save as disclosed above, Mr. CHEUNG has not held any positions with any members of the Group and in the last three years, Mr. CHEUNG had not held any other directorships in any listed public companies.

Mr. CHEUNG has entered into a service agreement with the Company for an initial term commencing 10 April 2006 and expiring on 29 February 2008 and the service agreement shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. CHEUNG does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, save for the interest in share options granted by the Company to subscribe for 3,990,000 Shares, Mr. CHEUNG did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of non-executive Directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. Mr. CHEUNG is entitled to an annual remuneration of HK\$1,356,000.00 for the year ended 31 December 2007.

Save as disclosed above, Mr. CHEUNG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

MR. CHEN JIACHENG

Mr. CHEN Jiacheng, aged 45, is an executive Director and the general manager of the Company. Mr. CHEN joined the Group in 2002 and is responsible for business administration and management of the Group's gas projects. He holds various directorships in 43 principal subsidiaries of the Group and 6 jointly-controlled entities/associates of the Group. He holds a bachelor's degree in engineering from Northwest Industrial University and a master's degree in business administration from Tsinghua University. Mr. CHEN has over 17 years of experience in business administration and management.

Save as disclosed above, Mr. CHEN has not held any positions with any members of the Group and in the last three years, Mr. CHEN had not held any other directorships in any listed public companies.

Mr. CHEN has entered into a service agreement with the Company for an initial term commencing 21 May 2006 and expiring on 29 February 2008 and the service agreement shall continue thereafter unless and until terminated by either party giving to the other not less than six months' prior written notice. The appointment is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

Mr. CHEN does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, save for the interest in share options granted by the Company to subscribe for 4,550,000 Shares, Mr. CHEN did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of non-executive Directors are determined by reference to the remuneration benchmark in the industry and the prevailing market conditions. Mr. CHEN is entitled to an annual remuneration of HK\$1,170,000.00 for the year ended 31 December 2007.

Save as disclosed above, Mr. CHEN has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “Meeting”) of XinAo Gas Holdings Limited (the “Company”) will be held at K-2 Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 27 May 2008 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of the directors and independent auditor’s report for the year ended 31 December 2007;
2. To declare a final dividend;
3. To re-elect retiring directors and to authorise the board of directors to fix the directors’ fees;
4. To re-appoint the auditors and to authorise the board of directors to fix their remuneration; and
5. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal value of the share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time; or (iii) an issue of shares upon the exercise of options which may be granted under any option scheme or similar arrangement for the time being adopted or to adopt for the grant or issue to any officers, employees and/or directors of the Company and/or any of its subsidiaries and/or any other participants of such scheme or arrangement of shares or rights to acquire shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution; and

“Rights Issue” means an offer of shares or issue of options, warrants or other securities giving the right to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of shareholders of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all

NOTICE OF ANNUAL GENERAL MEETING

cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

B. “THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of shares in the capital of the Company repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall in the case of shares not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of this Resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this Resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution.”

NOTICE OF ANNUAL GENERAL MEETING

- C. “**THAT** conditional upon Resolutions numbered 5A and 5B set out in the notice of this meeting being passed, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued shares pursuant to Resolution numbered 5A set out in the notice of this meeting be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 5B set out in the notice of this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal value of share capital of the Company in issue as at the date of passing of the said Resolution.”

By Order of the Board
XINAO GAS HOLDINGS LIMITED
CHENG Chak Ngok
*Executive Director and
Company Secretary*

Hong Kong, 30 April 2008

Principal place of business in Hong Kong:

Rooms 3101-03, 31st Floor
Tower One, Lippo Centre
89 Queensway
Hong Kong

Notes:

1. Every shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1806-07, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting at the Meeting if the shareholder of the Company so desires.
4. Where there are joint registered holders of any share in the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.

NOTICE OF ANNUAL GENERAL MEETING

5. For the purpose of determining the entitlements to the proposed final dividend and the identity of shareholders of the Company who are entitled to attend and vote at the Meeting, the register of members of the Company will be closed from Wednesday, 21 May 2008 to Tuesday, 27 May 2008, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend, all transfers of shares in the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 20 May 2008.
6. With regard to item no. 3 in this notice, the board of directors of the Company proposes that the retiring directors of the Company, namely Mr. JIN Yongsheng, Ms. YIEN Yu Yu, Catherine, Mr. KONG Chung Kau, Mr. CHEUNG Yip Sang and Mr. CHEN Jiacheng be re-elected as directors of the Company. Particulars of the said retiring directors are set out in the Appendix II to the circular to the shareholders of the Company dated 30 April 2008.
7. With regard to the resolutions referred to in items 5A, 5B and 5C of this notice, the board of directors of the Company proposes to seek its shareholders' approval of the general mandates to issue shares in the Company and to repurchase shares in the Company and information regarding such proposals is provided in the circular to the shareholders of the Company dated 30 April, 2008.
8. As at the date of this notice, the board of director of the Company comprises eight executive directors, namely Mr. WANG Yusuo (Chairman), Mr. YANG Yu (Chief Executive Officer), Mr. CHEN Jiacheng, Mr. ZHAO Jinfeng, Mr. QIAO Limin, Mr. YU Jianchao, Mr. CHEUNG Yip Sang and Mr. CHENG Chak Ngok; 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.