

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 and the accompanying proxy form 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, 26 May 2009 at 11:00 a.m. is set out on pages 15 to 19 of this Circular. Whether or not you propose to attend the meeting, you are requested to complete the enclosed 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.

16 April 2009

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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, 26 May 2009 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”	9 April 2009, 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.



**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. CHEN Jiacheng (*Chief Executive Officer*)  
Mr. ZHAO Jinfeng  
Mr. YU Jianchao  
Mr. CHEUNG Yip Sang  
Mr. CHENG Chak Ngok  
Mr. LIANG Zhiwei  
Ms. ZHAI Xiaoqin

*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

16 April 2009

*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 retiring 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 27 May 2008, 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 the Issue 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 27 May 2008, 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. CHEN Jiacheng, Mr. ZHAO Jinfeng, Mr. YU Jianchao, Mr. CHEUNG Yip Sang, Mr. CHENG Chak Ngok, Mr. LIANG Zhiwei and Ms. ZHAI Xiaoqin; 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 Articles 99 and 116 of the Articles of Association, Mr. WANG Yusuo, Mr. ZHAO Jinfeng, Mr. YU Jianchao, Mr. CHENG Chak Ngok, Mr. LIANG Zhiwei and Ms. ZHAI Xiaoqin shall retire 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 15 to 19 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 retiring Directors.

### VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at the Annual General Meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 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 retiring 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 2008 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 336,975,000 Shares, representing approximately 33.37% 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 37.08% 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 of the Shares of the Company in each of the previous twelve months prior to the Latest Practicable Date and for the month of April 2009 up to the Latest Practicable Date:-

	<b>Highest Traded Price</b> <i>HK\$</i>	<b>Lowest Traded Price</b> <i>HK\$</i>
<b>2008</b>		
April	14.76	12.10
May	14.60	12.60
June	14.12	12.60
July	13.60	12.32
August	13.26	11.30
September	12.78	8.66
October	10.40	5.00
November	9.99	5.95
December	8.60	6.65
<b>2009</b>		
January	8.20	6.70
February	8.40	6.70
March	8.31	7.46
April (up to Latest Practice Date)	8.70	7.83

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

**MR. WANG YUSUO**

**Mr. WANG Yusuo**, aged 45, is one of the co-founders, the Chairman and an Executive Director of the Company. He is responsible for overseeing the Group's overall strategic planning and providing leadership for and overseeing the functioning of the Board. Mr. Wang has over 22 years of experience in the investment in, and the management of, the gas business in the PRC. He holds a PhD qualification in management from the Tianjin University of Finance and Economics. Mr. Wang is currently a committee member of the Eleventh Chinese People's Political Consultative Conference. He has won various awards, including Outstanding Entrepreneurs in China and Hebei's Top 10 Outstanding Young Persons.

Mr. WANG holds various directorships in 101 principal subsidiaries of the Group. He was also previously the chairman and an executive Director of Enric Energy Equipment Holdings Limited, a Hong Kong listed company, but had resigned from such positions with effect from 15 October 2007. Save as disclosed above, Mr. WANG has not held any other 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. WANG has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, 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. WANG is a director and a controlling Shareholder of XGII, which is a controlling Shareholder of the Company. Mr. WANG is the spouse of Ms. ZHAO Baoju and the brother-in-law of Mr. ZHAO Jinfeng. Mr. WANG and Ms. ZHAO Baoju jointly own various investment holding companies. Save as disclosed above, Mr. WANG 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 3,700,000 Shares and, together with spouse, the 100% interest in XGII, which holds 333,275,000 Shares, Mr. WANG did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. WANG is entitled to an annual remuneration of RMB2,135,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. WANG 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. ZHAO JINFENG**

Mr. ZHAO Jinfeng, aged 41, is an Executive Director of the Company responsible for coordinating the Group's investment in PRC projects. He holds various directorships in 39 principal subsidiaries of the Group and 2 jointly-controlled entities/associates of the Group. He graduated from the Township and Village Enterprise Cadre College of the Ministry of Agriculture and received an executive master's degree in business administration from the Sino-Europe International Business School in 2006. Prior to joining the Group in 1993, Mr. Zhao worked at Langfang City Electrical Company responsible for resources management. Mr. Zhao has over 16 years of experience in the PRC gas industry.

Save as disclosed above, Mr. ZHAO has not held any other 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. ZHAO has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, 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. ZHAO is the brother of Ms. ZHAO Baoju, a non-executive Director and a controlling Shareholder of the Company, and the brother-in-law of Mr. WANG Yusuo, the spouse of Ms. ZHAO Baoju, the chairman, an executive Director and a controlling Shareholder of the Company. Save as disclosed above, Mr. ZHAO 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. ZHAO did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. ZHAO is entitled to an annual remuneration of RMB445,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. ZHAO 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. YU JIANCHAO**

**Mr. YU Jianchao**, aged 40, is the Finance Director of the Company and has joined the Group since 1998. He holds various directorships in 27 principal subsidiaries of the Group. He graduated from the Hebei Economics and Finance College in 1993 and obtained an executive master's degree in business administration from the Sino-Europe International Business School in 2005. Prior to joining the Group, he worked as the chief accountant for a number of foreign enterprises, including GSK (Langfang) Co., Ltd. and Nissin Foods Co., Ltd. Mr. Yu has over 20 years of experience in accounting and financial management.

Mr. YU was previously an executive Director of Enric Energy Equipment Holdings Limited, a Hong Kong listed company, but had resigned from such position with effect from 15 October 2007. Save as disclosed above, Mr. YU has not held any other 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. YU has entered into a service agreement with the Company for an initial term of three years commencing 1 March 2001, 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. YU is a director and the president of XGII, which is a controlling Shareholder of the Company. Save as disclosed above, Mr. YU 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. YU did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. YU is entitled to an annual remuneration of RMB445,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. YU 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. CHENG CHAK NGOK**

**Mr. CHENG Chak Ngok**, aged 38, is an Executive Director, the Financial Controller and the Company Secretary of the Company responsible for financial management, corporate finance, implementation of good corporate governance as well as investor relations management. He holds directorships in 2 principal subsidiaries of the Group. Prior to joining the Group in 2000, he worked at an international accounting firm and also worked as the chief accountant of a freight forwarding company. He graduated from Manchester Metropolitan University with a first class honours bachelor's degree in accounting and finance. He is now studying an executive master's degree in business administration in the Peking University. He is a fellow member of the Association of Chartered Certified Accountants in England and the Hong Kong Institute of Certified Public Accountants, and the associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in England. Mr. Cheng has over 16 years of experience in accounting, financial management and corporate finance.

Save as disclosed above, Mr. CHENG has not held any other 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. CHENG has entered into a service agreement with the Company for an initial term commencing 10 April 2002 and expiring on 29 February 2004, 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. CHENG is the vice president and financial controller of XGII, which is a controlling Shareholder of the Company. Save as disclosed above, Mr. CHENG 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 560,000 Shares, Mr. CHENG did not have any other interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. CHENG is entitled to an annual remuneration of RMB641,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. CHENG 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. LIANG ZHIWEI**

Mr. LIANG Zhiwei, aged 45, is an Executive Director and the Director of Strategic Performance Management of the Company responsible for the management and execution of the Company's internal strategies and performance appraisal. He graduated from the Guilin Institute of Metallurgy and the Faculty of Resource and Environmental Engineering at the University of Science and Technology Beijing. He obtained a master of engineering degree from the University of Science and Technology Beijing in 1993. He is now studying the executive master's degree in business administration in the Sino-Europe International Business School. Prior to joining the Group in 1999, Mr. Liang had worked for the China Exploration and Engineering Bureau for 15 years. Mr. Liang is experienced in the competition of and governmental control on city piped gas, pricing mechanism research and enterprise's internal strategic performance management.

Save as disclosed above, Mr. LIANG has not held any other 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. LIANG has entered into a service agreement with the Company for an initial term of three years commencing 18 November 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. LIANG 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. LIANG did not have any interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Mr. LIANG is entitled to an annual remuneration of RMB52,000 for the year ended 31 December 2008.

Save as disclosed above, Mr. LIANG 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. ZHAI XIAOQIN**

**Ms. ZHAI Xiaoqin**, aged 40, is an Executive Director and the Chairman of the Supervisory Committee of the Company responsible for monitoring audit process and carrying out risk management. She studied in the School of Economic and Management of the Tsinghua University in 1996 and received a master's degree in business administration from the Beijing Institute of Technology in 2001. She is now studying the executive master's degree in business administration in the Sino-Europe International Business School. Prior to joining the Group in 1996, Ms. Zhai had been serving in Nantong Yifanda Computer Company Limited as the Sales Director. Ms. Zhai has accumulated more than 12 years' experience in strategic management, risk management and corporate governance.

Save as disclosed above, Ms. ZHAI has not held any other 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. ZHAI has entered into a service agreement with the Company for an initial term of three years commencing 18 November 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.

Ms. ZHAI 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. ZHAI did not have any interests in the Shares within the meaning of Part XV of the SFO.

The remunerations of executive Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. Ms. ZHAI is entitled to an annual remuneration of RMB52,000 for the year ended 31 December 2008.

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





**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, 26 May 2009 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the directors’ and independent auditor’s reports for the year ended 31 December 2008;
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;

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- (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);
- (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

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“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 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

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(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.”

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, 16 April 2009

*Principal place of business in Hong Kong:*  
Rooms 3101-03, 31st Floor  
Tower One, Lippo Centre  
89 Queensway  
Hong Kong

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*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.
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, 20 May 2009 to Tuesday, 26 May 2009, 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, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 19 May 2009.
6. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, all votes of shareholders at the meeting will be taken by poll.
7. 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. WANG Yusuo, Mr. ZHAO Jinfeng, Mr. YU Jianchao, Mr. CHENG Chak Ngok, Mr. LIANG Zhiwei and Ms. ZHAI Xiaoqin 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 16 April 2009.
8. 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 a circular in connection with such proposals will be despatched to the shareholders of the Company together with the 2008 Annual Report of the Company.
9. As at the date of this notice, the board of director of the Company 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.