

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



XINAO GAS HOLDINGS LIMITED

(新奧燃氣控股有限公司*)

(incorporated in the Cayman Islands with limited liability)

EXERCISE OF OVER-ALLOTMENT OPTION

On 22 May 2001, ICEA (on behalf of the Underwriters) exercised in full the Over-allotment Option in respect of 27,000,000 additional new Shares at the Placing Price of HK\$1.15 per Share.

Unless otherwise stated, terms used in this announcement shall have the same meanings as defined in the prospectus of Xinao Gas Holdings Limited (the “Company”) dated 27 April 2001 (the “Prospectus”).

The Directors announce that ICEA (on behalf of the Underwriters) has exercised in full the Over-allotment Option granted by the Company referred to in the Prospectus on 22 May 2001 to require the Company to allot and issue 27,000,000 additional new Shares (the “Over-allotment Shares”) at the Placing Price of HK\$1.15 per Share to cover solely over-allocations in the Placing. The additional new Shares are expected to be issued and listed on GEM on or before 25 May 2001. The Over-allotment Shares represent approximately 4% of the enlarged issued share capital of the Company immediately after the issue of the Over-allotment Shares.

As set out in the paragraph headed “Use of proceeds” in the Prospectus, the Directors intend to use the additional net proceeds raised from the Over-allotment Option of approximately HK\$30 million as general working capital of the Group to support its ongoing operations and expansion.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares is as follows:

	Immediately before the issue of the Over-allotment Shares		Immediately after the issue of the Over-allotment Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Easywin	420,000,000	70	420,000,000	67
Public	180,000,000	30	207,000,000	33
	<u>600,000,000</u>	<u>100</u>	<u>627,000,000</u>	<u>100</u>

By order of the board
XINAO GAS HOLDINGS LIMITED
CHENG Chak Ngok
Company Secretary

Hong Kong, 22 May 2001

This announcement for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at <http://www.hkgem.com>.

* *For identification only*