[For Immediate Release]

Turnover Surges 25.6% to RMB 5,044 Million for First Half of 2010
Profit Attributable To Shareholders Increases 42.5% to RMB 533 Million
International business officially launched

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(Hong Kong, 27 August 2010) - ENN Energy Holdings Limited ("ENN Energy" or "the Group") (stock code: 2688), a privately-owned clean energy distributor in the PRC, announced its interim results for the six months ended 30 June 2010 ("the Period"). During the Period, turnover and profit attributable to shareholders increased to RMB 5,044 million and RMB 533 million respectively, representing an increase of 25.6% and 42.5% respectively as compared to the corresponding period last year. The Group's earnings per share increased by 37.7% to RMB 50.8 cents. The Board of Directors did not recommend the payment of an interim dividend.

Mr. Wang Yusuo, Chairman of ENN Energy, said, "I am glad to see the Group's result has maintained encouraging growth again in first half of the Year. Stepping into 2010, the global economy is still facing challenges from various macro factors. Currently, as compared to most countries and regions in other parts of the world, China still maintains healthy and stable growth in respect of its economic development. The boost in new gas connections and sales volume to C/I customers shows that there is still a good momentum for growth in China. Also, contributed by the stability feature of the public utilities sector, the Group has delivered impressive performance during the Period with a growth rate exceeding the original target set at the beginning of the year. On the other hand, the Group has expanded into the international market through obtaining its first overseas downstream project of piped natural gas—Vietnam. That means the Group's business internationalisation programme has already kicked off. Having Vietnam as a pilot project, we can determine a set of standards and foundation for acquiring and operating international projects, and after more and more experience in managing international projects is gained, the feasibility of developing other international markets will be further studied. As such, the Group's limitation on acquiring new projects in China can be broken, bringing in more diversified business growth to the Group in the future, and thus delivering enhanced gains and returns for the shareholders."

Taking advantage of its industry experience and good management, the Group achieved sustained growth in the number of new connections. The new piped natural gas connections made to residential households and the designed daily capacity for C/I customers newly installed during the Period increased by 19.5% and 70.3% respectively as compared to the corresponding period last year. During the Period, gas connection fee revenue reached RMB1,272,621,000, representing an increase of 7.6% over the corresponding period last year and accounting for 25.2% of the total revenue. However, as the connection fee income from certain projects was recognised by amortisation since 2009, the actual growth rate of connection fee income would reach 11.6% if the amount being amortised was included in connection fee income. The average connection fees for residential households and C/I customers were RMB2,610 and RMB150 (per m^3) respectively. The gas penetration rate of the PRC projects has also been increased from 30.2% to 33.9% over the corresponding period last year. As compared to the figures in 2009, the average connection fees for residential households during the Period remained at a similar level, which reveals that China maintains a stable policy over the charge of connection fees. On the other hand, the Group constantly provides C/I customers with promotions on connection fee in order to boost the gas sales.

During the Period, piped gas sales revenue reached RMB3,040,885,000, representing an increase of 69.7% over the corresponding period last year and accounting for 60.3% of the total revenue. Piped gas sales volume has increased 51.0% to 1,737,339,000 m^3. Sales of piped gas and vehicle gas continue to accelerate, contributing to 71.3% of the total revenue in aggregate. As compared with the percentage of 54.5% during the corresponding period last year, the gas sales revenue has achieved an obvious increase and become the major source of revenue of the Group. This shows that the Group has a more stable and long-term revenue base. The further decrease in reliance on one-off connection fee leads to a more enhanced revenue structure. The number of vehicle gas refuelling stations ("refuelling stations") has further increased from 141 to 176 compared with the same period last year, whilst the number of refuelling stations that are under construction or have already been built and will come into operation was 30. As a result, the revenue from gas sales to vehicles increased by 39.2% as compared to the corresponding period last year. Thanks to its contribution to environmental protection, the great reduction in fuel cost for vehicle users and the rapid increase in the number of vehicles in China, natural gas refuelling station business which provides clean energy as a substitute for gasoline for vehicle use is expected to experience rapid growth continuously. The Group can thus further optimise its current advantage on gas sources and increase the economies of scale for the gas projects on hand. It is expected that the refuelling station business will become one of the major catalysts for the increase in the Group's gas sales revenue in the long run.

During the Period, sales revenue from bottled LPG reached RMB146,515,000, representing a decrease of 75.5% as compared to the corresponding period last year, leading to a shrink in its share over the total revenue from 14.9% in the corresponding period last year to 2.9%. Given the drop in the sales of bottled LPG, the Group allocated more resources to gas connections and sales of natural gas which can both generate higher margins.

The Group continues to maintain a stable financial position. As at 30 June 2010, the Group's cash on hand was equivalent to RMB 2,491,037,000. The net gearing ratio (net debts to equity (included minority interest) was 55.6%. Stable revenue from gas sales has generated adequate cash flow for the Group, recording a positive free cash flow (net cash from operating activities less capital expenditure) of RMB 344,980,000 during the Period. The net cash from operating activities also increased to RMB 979,980,000 while the return on equity increased from 15.9% in the corresponding period to 19.4%.

To further narrow down the difference between gas tariff in the PRC and the international market, the National Development and Reform Commission ("NDRC") has announced the content of the natural gas price reform. Whereby, it has decided to raise the onshore benchmark wellhead price of natural gas by RMB 230 per thousand cubic meter since 1 June 2010. Up to August 2010, among the Group's 88 project cities in the PRC, 26 projects have increased their upstream price and the price increase per cubic meter was RMB0.29, of which 15 projects have also increased their downstream tariff, with a tariff increase of RMB0.40 per cubic meter. Both the progress on implementing the price adjustment and the amounts of the tariff adjustments have been satisfactory. On 22 July 2010, the NDRC has promulgated the Notice on Accelerating the Finalisation of Proposal on Natural Gas Price Adjustment, whereby the NDRC procures local governments to finalise the natural gas price adjustment as soon as possible. This is not only favourable to the progress on price adjustment but also beneficial to the development of the whole industry. It is expected that tariff adjustment can be successfully implemented to all projects finally.

With the continuous growth in the Group's gas sales volume, secured gas supply is of utmost importance. Besides the LNG import terminal in Putian, Fujian Province which provided secured gas supply for the Group's seven projects in the Fujian Province, the construction of the western section of the West-East Pipeline II and Sichuan-East Pipeline, which connect China from east to west and north to south, were also completed. On the other hand, the eastern section of the West-East Pipeline II will be completed phase by phase within next two years, and after that, the West-East Pipeline II will be extended to cover the Guangxi Autonomous Region. Consequently, these new gas sources fundamentally secure the gas supply for the Group's piped natural gas projects in Guangdong Province, Guangxi Autonomous Region, Fujian Province and Zhejiang Province. In addition to these large-scale natural gas infrastructure projects by the State, the Group also develops its own upstream projects which have annual LNG production capacity of over 300 million m^3 and can benefit more downstream projects of the Group. On the other hand, through importing natural gas from Qatar via the LNG terminal of CNOOC in Guangdong Province, the Group was able to offer stronger protection and greater flexibility to the gas supply for its projects in the Guangdong Province during the Period.

During the Period, the Group secured nine new piped gas projects in the PRC, namely Huadu district, Xinyi city, Luoding city, Fengkai county, Guangning county, Huaiji county and

Lianzhou city of Guangzhou city in Guangdong, Huaihua in Hunan and Wenshan County in Yunnan. The commercial and industrial development in these nine project cities in China are relatively robust, in particular, the gross domestic product per capita in the Guangzhou Huadu District in Guangdong Province reached RMB66,870 in 2008, significantly above the national average. The pillar industries in Huadu included automobile, port economy and jewelry. The other six projects in the Guangdong Province are also especially well-developed in both industrial and commercial sectors, with particularly robust industries including electronics, textile, chemical, mineral processing, paper-making and machining, and all these industries have played a significant role in boosting the gas sales of the Group; Following the acquisition of Changsha, Zhuzhou, and Xiangtan, Huaihua City is the fourth project obtained by the Group in the Hunan province. The economy of Huaihua City is comparatively well-developed with pillar industries including medical and pharmaceutical, chemical and food processing which have also helped stimulate the Group's gas sales; Being the first project in the Yunnan Province and with relatively well-developed industries such as medical and pharmaceutical, tobacco and agricultural product processing, the acquisition of the Wenshan County will be favourable to the further expansion of the Group's business in that province. Meanwhile, in the first half of the year, the Group has formally established business cooperation with The Vietnam Oil and Gas Group (PetroVietnam) to develop piped gas and vehicle gas refuelling businesses in the near future. It is the first international project of the Group. The Group's joint venture in Vietnam has obtained rights to operate piped natural gas projects in every city in Vietnam, among which the Group will first begin operation in the most economically developed cities, including Hanoi, Ho Chi Minh and Da Nang. Being an emerging market, Vietnam demonstrates huge development potential and considerable growth rate, and such cooperation represented the prelude to breaking into the international market by the Group. With the above three projects included, as of 30 June 2010, the number of piped gas projects operated by the Group in China amounted to 88. Including the 8,920,000 connectable urban population of the 3 cities in Vietnam that will be developed by the Group, the Group's total connectable urban population further increased to 54,583,000.

The sustained growth in the Chinese economy has exerted great pressure on its energy resources and environment. The high energy consumption along with economic development and the excessive emission of pollutants and greenhouse gas have also imposed a serious threat to the continuous development of the economy and society. Thanks to the increase in energy consumption efficiency and decrease in cost resulted from the improvement of technology, and enhancement in the public awareness of environmental protection, efficient use of clean energy has now gained wider recognition in the society. After years of excellent operation, the Group has built a strong brand identity and extensive customer resources. It has also taken a proactive stance to formulate new business model. On the other hand, primarily through the provision of comprehensive regional clean energy solutions, the Group has formulated various energy distribution systems and established supply models for multi-energy products including gas, photoelectricity and calorific capacity. By applying its extensive experience and utilising its advantage on advanced information systems, the Group has exercised effective management on the energy business and provided energy management services to its customers. Currently, the Group has certain energy management projects in implementation, such as the polygeneration project for the Changsha Huanghua Airport and the cascading use of energy for the Liuyang Biomedical Park in Changsha. All these projects greatly enhance the utilisation efficiency of energy resources and lower the energy consumption costs for customers through the transformation, recycle use, cascading use, in-depth processing and diversified supply of energy resources. As a result, emission reduction can be achieved while the revenue and earnings level for the Company can also be further enhanced in the future.

The Group has changed its English name from "Xinao Gas Holdings Limited" to "ENN Energy Holdings Limited since 13th, August 2010. The Chinese name will also be changed from 「新奧燃氣控股有限公司」to「新奧能源控股有限公司」after the completion of procedure. The change of company name is to reflect further enhancing development strategy and innovating business model, the Group is now providing diversified energy supply and energy management services to the customers in addition to the original supply of natural gas, in order to help our customers to lower energy consumption costs, use energy more efficiently and further reduce pollution. Since the existing company name can no longer illustrate the new business model, the Group proposes to change its company name in order to cover the existing areas of business and illustrate the new business model more accurately. On the other hand, being the short form of "Ennovation" which is a combination of "Energy + Innovation", the word "ENN" represents innovative energy, and that is not only the direction for the future development of the global energy sector but also the development strategy of the Group. As such, the Board considers that the new company name is more suitable for demonstrating the Group's vision, strategy and the exact areas of business, and can therefore benefit the Group's future business development and is in the interests of the Company and its shareholders as a whole.

Mr. Wang concluded, "As for the macro environment, the Chinese government has devoted a great deal of effort in promoting the development of clean energy, new energy and renewable energy. Various laws and plans in relation to energy development have also been introduced by the Chinese government to support the promotion of energy. One of the examples of the supporting actions taken by the government is the development of energy infrastructure projects which includes construction of long distance natural gas pipelines and LNG terminal. With such strong support from the government, and complemented by the energy services business vigorously promoted by the Group, sound management as well as the effective use of resources, the Group believes that, besides making contribution to environmental protection, the benefits of all shareholders and employees and the utilisation of social resources have been maximised at the same time."

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ENN Energy Holdings Limited

ENN Energy is a privately-owned clean energy distributor in the PRC. The principal business of the Group is the investment in, and the operation and management of, gas pipeline infrastructure, vehicle gas refuelling station and the sale and distribution of piped gas and LPG in the PRC. Its business activities also consist of the sale of gas appliances and equipment, the production of stored-value card gas meters and the provision of repair, maintenance and other services in connection with gas supply.

As of the end of June 2010, the Group currently has 88 project cities in 15 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Jiangsu, Jiangxi, Liaoning, Shandong, Yunnan and Zhejiang, covering a total connectable urban population of 45,663,000. Including the Vietnam project, there are 89 city gas projects covering a total connectable urban population of 54,583,000.

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Financial and Operational Data for 2010 Interim Results (As of 30 June, 2010)

	30.06.2010	30.06.2009	+/-
Business Development			
No. of project cities	89	75	14
Connectable urban population (the PRC projects)	45,663,000	41,874,000	9.0%
Connectable urban population (Vietnam project)	8,920,000	N/A	N/A
Gas penetration rate of the PRC projects (%)	33.9%	30.2%	3.7%
Revenue Analysis (RMB)			
Gas connection	1,272,621,000	1,182,883,000	7.6%
Sales of piped gas	3,040,885,000	1,792,007,000	69.7%
Distributions of bottled LPG	146,515,000	597,768,000	-75.5%
Sales of gas appliances	28,231,000	44,645,000	-36.8%
Vehicle gas refuelling stations	555,467,000	399,112,000	39.2%
Percentage of segment income in Revenue(%)			
-Gas connection	25.2	29.5	-4.3
-Sales of piped gas	60.3	44.6	15.7
-Distributions of bottled LPG	2.9	14.9	-12.0
-Sales of gas appliances	0.6	1.1	-0.5
-Vehicle gas refuelling stations	11.0	9.9	1.1
Gas infrastructure			
Total length of existing pipelines (km)	15,537	13,222	17.5%
Natural gas processing stations	95	91	4
Capacity of gas processing stations (m^3)	22,713,000	14,538,000	56.2%
Vehicle gas refuelling stations	176	141	35
Connection increased during the period			
- Residential (household)	426,245	356,675	19.5%
- Commercial / Industrial (“C/I”) (Sites)	1,821	1,196	625 sites
- Installed designed daily capacity for C/I (m^3)	2,376,246	1,394,926	70.3%
Accumulated piped gas connection (including natural gas)			
- Residential (household)	5,165,474	4,210,159	22.7%
- Commercial / Industrial (“C/I”) (Sites)	16,059	12,495	3,564 sites
- Installed designed daily capacity for C/I (m^3)	15,914,980	10,919,138	45.8%
Gas sales volume			
Sales of natural gas (m^3)	1,805,268,000	1,187,994,000	52.0%
-Residential (m^3)	331,383,000	251,903,000	31.6%
-C&I (m^3)	1,238,170,000	758,541,000	63.2%
-Vehicle gas refuelling stations (m^3)	235,715,000	177,550,000	32.8%