

ENN recorded total gas sales of 5.37 billion m³, leaped by 29.5%
Profit attributable to shareholders increased 23.7% to RMB1.25 billion
Growth of C/I and vehicle gas sales keeps surging

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(Hong Kong, 27 March 2012) – ENN Energy Holdings Limited (“ENN” or “the Group”) (stock code: 2688), a privately-owned clean energy distributor in China, announced its annual results as of 31 December 2011 (“the Year”). During the Year, revenue surged 34.4% to RMB15,068 million, profit attributable to shareholders increased 23.7% to RMB1,253 million. Stripping of one-off expenses and incomes, the Group’s profit attributable by core businesses recorded a significant increase of 26.3% compared with last year. Earnings per share increased by 22.7% to RMB1.19. The Board of Directors has resolved to recommend a final dividend of RMB29.37 cents, representing a 21.8% increase compared with last year (excluding the special dividend).

Commenting on the encouraging results, Mr. Wang Yusuo, Chairman of ENN Energy, stated, “2011 was the first year of China’s 12th Five-Year Plan. At the backdrop of China’s continuous effort in modifying its energy consumption structure, and the concerted effort of our staff, during the Year, our financial and operational performances achieved, and even exceeded the initial targets laid out early last year.” During the Year, the Group remained its sound financial strength with total cash on hand of approximately RMB5,869 million while its total debts amounted to RMB10,672 million as of the end of 2011. The Group’s net gearing ratio was 54.3%. The Group’s Return on Equity (ROE) remains excelling the industry average.

Robust business development

During the Year, revenue contributed by gas connection fee achieved RMB3,415 million, representing a significant increase of 29.6% compared with last year’s RMB2,635 million, and was accountable for 22.7% of total revenue. The average connection fees for residential households and C/I customers were RMB2,796 (per household) and RMB173 (per m³) respectively during the Year. During the Year, new piped natural gas connections to 1.03 million residential customers were conducted, accumulated connected residential households reached 6.66 million. New connections to 5,178 C/I customers were conducted, accumulated connected C/I customers reached 23,501. The newly installed designed daily capacity for C/I customers during the Year was 6.82 million m³, accumulated installed designed daily capacity achieved 25.27 million m³.

Mr. Wang said, “Leveraging on our industry experience and sound execution ability, the number of new connections conducted for residential and C/I customers keeps surging. In order to fortifying our ability to develop C/I customers, one of the key growth drivers of the Group, we strive to provide with them innovative energy solutions, further enhancing their

energy utilization efficiency.”

As of the end of 2011, the Group has 104 city-gas projects in China, with an average gas penetration rate of only 38.5%. Based on our past experience, gas penetration rate can reach the range of 80 to 90%, indicating the tremendous potential for new connections and organic growth amidst the Group’s existing projects.

Rapid Growth of Gas sales

Revenue attributable by gas sales amounted to RMB7,980 million, represented a surge of 39.3% from RMB5,728 million last year, and accounted for 53.0% of total revenue. Revenue from vehicle gas refuelling stations was RMB1,620 million, represented an increase of 34.0% from RMB1,209 million last year, and accounted for 10.8% of total revenue. In order to fully utilize our existing fleet of CNG/LNG trucks, the Group conducted natural gas wholesale business during the months with lower gas consumption, supplying gas to larger C/I customers and other downstream natural gas operators of smaller scale outside our operating regions. This further expanded our gas sales revenue and maximized overall returns without incurring extra capital expenditure. During the Year, revenue attributable by wholesale of natural gas increased 29.5% to RMB1,172 million from RMB905 million last year, constituting 7.8% of the Group’s total revenue.

Sales of piped gas, sales from vehicle gas refuelling stations and wholesale of natural gas continued to accelerate, contributing an aggregated share of 71.6% of total revenue, increased by 1.6% from 70.0% last year. The business of gas sales ensures the Group a long term and more stable revenue source going forward, further modify our revenue structure by reducing the dependency on one-off connection fee. We expect the proportion of revenue from gas sales to expand further and remain the strongest pillar in our revenue structure.”

Riding on the government policy of carbon-emission reduction, which favours the introduction of natural gas as a substitute fuel for gasoline and diesel, which is a cleaner and more economic form of energy source, the growth of our vehicle gas refuelling business were accelerated. Mr. Wang added, “With the Group’s rich experience in the realm of vehicle gas business, apart from constructing more CNG refuelling stations, we’ve also rolled out key development strategies for vehicle/ship LNG business in 2011. Targeting heavy-duty trucks in ports and mines, long-haul buses and domestic vessels, the Group provided LNG as a replacement of diesel, lowering the customers’ operating cost substantially while protecting the environment.” During the Year, we completed the construction of 46 vehicle gas refuelling stations, furthering the Group’s total number of refuelling stations to 238 spreading over 59 cities, of which 67 refuelling stations are located in 20 cities out of our piped gas project cities.

It is the Group's strategy to allocate more resources to higher margins businesses such as gas connections and sales of natural gas, hence, during the Year, revenue of distribution of bottled LPG further decreased 20.0% to RMB190 million and accounted for a mere 1.3% of total revenue, dropping from 2.1% last year.

Continuous Effort in Acquiring Quality Projects

ENN has been relentlessly developing its business, during the Year, we successfully secured 15 new piped gas projects, including Yongzhou City, Wangcheng County, Ningxiang County Development Zone and Jinzhou Hi-tech Zone in Hunan Province; Hongze County and Yangcheng Environmental Protection Industrial Park in Jiangsu Province; Anxi County in Fujian Province; Rongcheng County, Zhengdingxin District of Shijiazhuang and Jingxing County in Hebei Province; Kunming City Hi-tech Zone in Yunnan Province; Dayou Linhai Economic Zone of Linghai City in Liaoning Province; Guiping Industrial Park of Guigang City in Guangxi Zhuang Autonomous Region; Panyu District and Yunan County in Guangdong Province; Changqing District of Jinan in Shandong Province. The new projects contribute to an additional connectable urban population of about 4.53 million, and it's expected to contribute potential natural gas sales of approximately 900 million m³ per annum to the Group.

The above projects possess quality C/I clientele of diversified industries including automobile, mechanical equipment, pharmacy, textile, ceramics and chemical, all of these are favourable to the use of natural gas. Not only are these projects locating close to our existing ones, they can also be supplied with stable piped gas or imported LNG. With the mere 7.9% average penetration rate of residential customers and strong C/I customer base, it is expected to fuel our growth. As of the end of 2011, the Group has 104 city-gas projects covering over 53.14 million urban populations, together with our international project in Vietnam, our total coverage of connectable urban population reached 62.06 million.

Reaching New Heights from Solid Foundation

With a view to facilitating the Group's business development, we successfully issued a USD750 million 10-year bond with fixed interest rate of 6% during the Year. Through our concerted efforts over the years, we have obtained an investment-grade rating for listed company and the bonds from the 3 prominent rating agencies, namely Standard and Poor's, Moody's Investors and Fitch Ratings, becoming one of the 2 Chinese private enterprises that were granted with this credit rating.

Mr. Wang concluded, "2011 is the 10th anniversary of our listing on the HK Stock Exchange, throughout the years, our growth and performances were proven, and targets laid out were achieved. The 12th Five-year Plan modeled a more optimistic outlook for the natural

gas industry, and the PRC government concretely implemented plans to increase natural gas consumption from 117 billion m³ in 2011 to 260 billion m³ in 2015. To seize the opportunities arising from the supportive government policies, we will adopt prudent approach for mergers and acquisitions, and will progressively develop other clean energy businesses, including natural gas distributed energy projects as well as vehicle/ship LNG business while orderly expand our existing businesses. We are committed to contribute to the environmental protection and energy sector of China and the World, and to maximize returns to shareholders, customers, our staff, the community and the Group.”

The End

About ENN Energy Holdings Limited

ENN Energy is one of the first privately-owned clean energy distributors in China. The principal business of the Group is the investment in, and the operation and management of, gas pipeline infrastructure, vehicle gas refuelling stations, wholesale of gas, the sales and distribution of piped gas and LPG in China. 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 2011, the Group has 104 project cities in 14 provinces, municipalities and autonomous regions, namely Anhui, Beijing, Fujian, Guangdong, Guangxi, Hebei, Henan, Hunan, Inner Mongolia, Jiangsu, Liaoning, Shandong, Yunnan and Zhejiang, covering a connectable urban population of 53.14 million. The Group has an offshore gas project in Vietnam located in Ho Chi Minh, Hanoi and Danang, covering a connectable urban population of over 8.90 million. The Group’s total coverage of connectable urban population in China and overseas reaches 62.06 million.

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Financial and Operational Data for 2011 Annual Results

(as of 31 December)	2011	2010	+/-
Business Development			
No. of project cities (China projects)	104	90	14
Connectable urban population (China projects)	53,142,000	46,868,000	13.4%
Connectable urban population (Vietnam project)	8,920,000	8,920,000	0%
Gas penetration rate (China projects)	38.5%	36.0%	2.5%
Revenue Analysis (RMB million)			
Gas Connection	3,415	2,635	29.6%
Sales of piped gas	7,980	5,728	39.3%
Vehicle gas refuelling stations	1,620	1,209	34.0%
Wholesale of gas	1,172	905	29.5%
Distribution of bottled LPG	192	240	-20.0%
Sales of gas appliances and material	689	498	38.4%
Percentage of segment income in revenue (%)			
Gas Connection	22.7	23.5	-0.8
Sales of piped gas	53.0	51.1	1.9
Vehicle gas refueling stations	10.8	10.8	0
Wholesale of gas	7.8	8.1	-0.3
Distribution of bottled LPG	1.3	2.1	-0.8
Sales of gas appliances and material	4.4	4.4	0
Gas Infrastructure			
Total length of pipeline (km)	18,854	16,340	15.4%
Gas processing stations	115	100	15
-Daily capacity (m ³)	32,003,000	23,970,000	33.5%
Vehicle gas refuelling stations	238	192	46
Connection increased during the Period			
Residential households (Households)	1,029,727	875,744	17.6%
Commercial/Industrial customers ("C/I") (Sites)	5,178	4,178	1,000
Installed designed daily capacity for C/I (m ³)	6,823,476	4,619,944	47.7%
Accumulated piped gas connection (including natural gas)			
Residential households (Households)	6,815,165	5,618,583	21.3%
C/I (Sites)	23,969	18,424	5,545
Installed designed daily capacity for C/I (m ³)	25,767,276	18,175,160	41.8%
Sales of gas (million m³)			
Total gas sales (including natural gas)	5,374	4,149	29.5%
Sales of Natural Gas	5,011	3,808	31.6%
-Residential	795	615	29.2%
-C/I	3,271	2,460	33.0%
-Wholesale of gas	261	223	17.1%
-Vehicle gas refuelling stations	684	509	34.3%
Distributions of bottled LPG (tons)	36,402	47,919	-24.0%