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ENN first half natural gas sales surged 23.9% to 3.04 billion m^3
Profit attributable to shareholders increased 16.1% to RMB730 million
Piped gas and vehicle gas sales remained key growth drivers

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(Hong Kong, 27 August 2012) – ENN Energy Holdings Limited ("ENN" or "the Group") (stock code: 2688), a privately-owned clean energy distributor in China, announced its interim results as of 30 June 2012 ("the Period"). During the Period, revenue increased 21.8% to RMB8,774 million, profit attributable to shareholders increased 16.1% to RMB730 million. Stripping out one-off expenses and incomes, the Group's profit attributable by core businesses achieved over 23% growth year-on-year, which was in line with our target laid out earlier this year. Driven by the investment in pipeline infrastructure in recent years, the Group's gas projects benefited from direct access to lower-cost piped gas, hence, driving up profit margins of piped gas sales and vehicle gas sales from 17.3% and 20.4% to 20.0% and 22.6% respectively. During the Period, earnings per share increased by 14.9% to RMB68.8 cents. The Board of Directors has resolved not to recommend an interim dividend.

Commenting on the solid interim results, Mr. Wang Yusuo, Chairman of ENN Energy, stated, "Despite the strong headwind that we faced due to deteriorating global economy in the first half, thanks to the Group's on-going effort in implementing an advanced information system, strategic marketing and planning system as well as risk management system, coupled with the concerted efforts of our employees, the Group's businesses maintained rapid growth. Natural gas sales of the Group increased by 23.9% to 3.04 billion m^3 in the first half." During the Period, the Group remained its sound financial strength with total cash on hand (including restricted bank deposit) of approximately RMB6,150 million while its total debts amounted to RMB11,657 million as of 30 June 2012. Our net gearing ratio was 57.7% and our return on equity (ROE) remained above the industry average at 19.0%.

Core businesses maintained sustainable growth

During the Period, revenue contributed by gas connection fee amounted to RMB1,694 million, increased by 7.2% from last year's RMB1,580 million, representing 19.3% of total revenue. The average connection fee for residential households was RMB2,729 (per household), which was at similar level as the figure in 2011, demonstrating a stable policy for natural gas connection persisted. While the Group constantly provides C/I customers with promotions on connection fee in order to boost gas sales, the average connection fee for C/I customers was RMB140 (per m^3). During the Period, the Group conducted 566,127 new piped natural gas connections to residential households, accumulated connected residential households reached 7.3 million. New connections to 3,130 C/I customers were conducted, accumulated connected C/I customers reached 26,968. The newly installed designed daily capacity for C/I customers during the Period was 3.9 million m^3, accumulated installed designed daily capacity reached 29.2 million m^3. During the Period, we successfully constructed and put into operation a total of 38 vehicle gas refuelling stations, accumulated number of stations amounted to 276, spanning across 71 cities in China, of which 89 of the stations are located in 29 cities beyond the Group's city-gas projects.

As of 30 June 2012, the Group has 110 city-gas projects under management, covering a population of 53.4 million in China, with an average gas penetration rate of only 41.0%. Gas penetration rate can exceed 80 to 90% for a city-gas project, together with their organic population expansion due to urbanization, the Group is going to enjoy sustainable growth from existing projects, ensuring stable income streams from connection fee and gas sales in long run.

The Group's chairman, Mr. Wang commented, "The Chinese government has issued *The Planning for National Urban Gas Development During the 12th Five-Year Plan,* which detailed China's initiative to promote natural gas as a core primary energy source. The government pledges to facilitate a healthy and stable development of the city-gas sector, promote natural gas distributed energy and natural gas vehicles development, so as to reduce carbon emissions and modify current energy consumption structure in China. At the backdrop of pursuing a greener economy and with supportive government policies, apart from pushing forward core business growth, we will further develop our leading distributed energy projects and vehicle/ship-use LNG business, which are expected to be the new growth drivers to the Group."

Robust growth of gas sales

Revenue attributable to piped gas sales amounted to RMB5,107 million, represented an increase of 32.2% from RMB3,863 million in the same period of last year, and accounted for 58.2% of total revenue, up 4.6 percentage points. Revenue from vehicle gas refuelling stations was RMB1,063 million, represented a surge of 43.5% from RMB741 million last year, and accounted for 12.2% of total revenue, up 1.9 percentage points. During the Period, revenue attributable to wholesale of natural gas dropped 5.6% to RMB552 million from RMB585 million in the same period of last year, accounted for 6.3% of the Group's total revenue, down 1.8 percentage points. Leveraging on our existing gas-supplying infrastructure and the fleet of CNG/LNG trucks, we conducted natural gas wholesale business to cater for larger C/I customers and other downstream natural gas operators outside our operating regions. Although with a slimmer profit margin than piped gas sales, wholesale business can further expand our gas sales revenue, maximize overall earnings and ROE without incurring extra capital expenditure.

Mr. Wang stated, "Sales of piped gas, vehicle gas refuelling stations and wholesale of natural gas together accounted for 76.7% of total revenue, up 4.7 percentage points compared with

72.0% in the same period of last year. Driven by the increase in penetration rate, contribution from gas sales continued to expand and became our key earner, ensuring the Group a long term and stable revenue source in long run, modifying our revenue structure thereafter."

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 Period, revenue of distribution of bottled LPG further decreased 27.5% from RMB100 million to RMB74 million and accounted for a mere 0.8% of total revenue, down from 1.4% in the same period of last year.

Proactive development on industrial parks and distributed energy projects

During the Period, we successfully acquired 7 new city-gas projects and independent industrial parks projects located in Hebei, Fujian, Henan, Shandong and Zhejiang provinces. The major industries in these projects including chemical, building materials, mechanical processing and car manufacturing are relatively well-established. During the Period, the Group also acquired 12 industrial parks which are associated with existing city-gas projects, spreading over Guangdong, Shandong, Zhejiang, Jiangsu, Anhui, Hebei and Hunan provinces. With their proximity to existing projects, we can leverage on economy of scale and our management platform to maximize operational efficiency. Clusters of C/I users within the industrial parks also facilitate the Group's expansion in gas sales. It is expected that volume of natural gas sales from these newly acquired projects will reach 1 billion m^3 per year after maturity. We believe more new projects will be available in the near future, given the aggressive development in gas pipeline network and upstream supply by the Chinese government.

During the Period, substantial progress was achieved for the Group's distributed energy projects. Zhuzhou Shennong Cultural Park and the Qingdao Sino-German Ecopark have commenced construction, and it is expected to be put into operation in the next one to two years. Through the integrated use of natural gas to provide cool, heat and power, the cost of energy consumption can be reduced while satisfying customers' demand and enhancing the Group's profitability. Moreover, the Group completed 112 energy saving and refit projects for industrial customers during the Period, which further enhance their energy combustion efficiency and cost saving as compared with using alternative energy, and strengthen our customer relationship. Total natural gas consumption is expected to exceed 186 million m^3 per annum from these projects. To further expand our operational areas, we strive to develop city-gas projects in development zones and new regions within existing projects.

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Recognized to be the best management team

Mr. Wang concluded, "During the Period, we have received a number of honors, including the medal and certificate of "Transformation in China: Pioneer Enterprise in Promoting Low-Carbon Economy" awarded to the Group and "Transformation in China: Personal Outstanding Contribution" awarded to our CEO by the China Enterprises Co-Association and the Organizing Committee of the Development of Non-Public Enterprises Forum, as well as the four honorable titles, "China's Best Service Management", "China's Best Sales Office", "China's Best Customer Service Manager" and "China's Outstanding Customer Service Representative" in the 7th Best Customer Service in China Award 2011-2012. We were also informed by the *Institutional Investor Magazine* that, among four of the categories in their 2012 All-Asia Executive Team ranking, we were honored to be voted as the Best CEOs (Ranked no.1), the Best CFOs (Ranked no.1) and the Best Investor Relations Company (Ranked no.2) in power sector in Asia. The global polling tallied ratings from 935 money managers and investment professionals at some 500 buy-side firms, and approximately 490 sell-side analysts from 75 institutions across Asia (excluding Japan). On behalf of the company and the management team, I hereby express my sincere gratitude to all of our shareholders, analysts and investment professionals for their relentless support. We strive to reach new heights by furthering the company's development and are committed to create better values to our stakeholders."

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 30 June 2012, the Group has 110 project cities in China 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 53.4 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 8.9 million. The Group's total coverage of connectable urban population in China and overseas reaches 62.3 million.

For Press Enquiry:

Shirley Kwok

Tel: (852) 2528 5666 Fax: (852) 2865 7204

Email: wm.kwok@xinaogas.com Website: www.xinaogas.com

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Financial and Operational Data for 2012 Interim Results

(as of 30 June)	2012	2011	+/-
Business Development			
No. of project cities (China projects)	110	100	10
Connectable urban population (China projects)	53,389,000	49,135,000	8.7%
Connectable urban population (Vietnam project)	8,920,000	8,920,000	0%
Gas penetration rate (China projects)	41.8%	37.4%	4.4%
Revenue Analysis (RMB million)			
Gas Connection	1,694	1,580	7.2%
Sales of piped gas	5,107	3,863	32.2%
Vehicle gas refuelling stations	1,063	741	43.5%
Wholesale of gas	552	585	-5.6%
Distribution of bottled LPG	74	102	-27.5%
Sales of gas appliances and material	284	331	-14.2%
Percentage of segment income in revenue (%)			
Gas Connection	19.3	21.9	-2.6
Sales of piped gas	58.2	53.6	4.6
Vehicle gas refueling stations	12.2	10.3	1.9
Wholesale of gas	6.3	8.1	-1.8
Distribution of bottled LPG	0.8	1.4	-0.6
Sales of gas appliances and material	3.2	4.7	-1.5
Gas Infrastructure			
Total length of pipeline (km)	19,952	17,264	15.6%
Gas processing stations	116	103	13
-Daily capacity (m^3)	32,285,000	24,817,500	30.1%
Vehicle gas refuelling stations	276	203	73
Connection increased during the Period			
Residential households (Households)	566,127	522,881	8.3%
Commercial/Industrial customers (“C/I”) (Sites)	3,130	2,684	446
Installed designed daily capacity for C/I (m^3)	3,903,963	3,578,678	9.1%
Accumulated piped gas connection (including natural gas)			
Residential households (Households)	7,436,007	6,122,143	21.5%
C/I (Sites)	27,327	21,146	6,181
Installed designed daily capacity for C/I (m^3)	29,737,646	21,758,054	36.7%
Sales of gas (million m^3)			
Total gas sales (including natural gas)	3,197	2,641	21.1%
Sales of Natural Gas	3,037	2,452	23.9%
-Residential	496	435	14.0%
-C/I	1,989	1,574	26.4%
-Wholesale of gas	119	133	-11.1%
-Vehicle gas refuelling stations	433	309	40.1%
Distributions of bottled LPG (tons)	10,967	17,584	-37.6%