

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong 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.



(Incorporated in Bermuda with limited liability)

(Stock Code: 702)

ANNOUNCEMENT

The Board is pleased to provide an update on the progress in the Company's possible investment in the Jinzhuang oil exploitation project. Details of this possible investment were disclosed in the Company's announcement dated 26 July 2010.

The Company has become the operator for the Jinzhuang oilfield since August 2010 for a term of twelve months. During this period, the Company will bear the entire operating cost and at the same time be entitled 90% of the production. The number of producing oil wells has increased from 67 to 100 since the Group has been the operator for the oilfield.

In addition to oil production, preliminary exploration of natural gas resources has been conducted in Jinzhuang oilfield and a tight gas reserve was discovered in early November 2010. According to preliminary tests performed by the Group's oil and gas technical team, the daily open flow of each gas well would be more than 50,000 cubic meters. It is expected that daily production of each well will be not less than 20,000 cubic meters when the production becomes stabilized.

Investors should be noted that this announcement is published as a voluntary disclosure to allow the public to acknowledge the latest development of the Company.

The board of directors (the "Board") of Sino Oil and Gas Holdings Limited ("the Company, together with its subsidiaries collectively referred to as the "Group") is pleased to provide an update on the progress in the Company's possible investment in the Jinzhuang oil exploitation project in Shaanxi Province, the PRC. Details of this possible investment were disclosed in the Company's announcement dated 26 July 2010.

The Company entered into a non-binding memorandum of understanding on 26 July 2010 in

respect of the proposed acquisition of the interest in the business of exploration, operation and production of oil in Jinzhuang oil exploitation project (“MOU”). The Jinzhuang oilfield encompasses a total of approximately 62 square kilometers. Within a period of six months, the Company will have an exclusive right to discuss and negotiate with the vendor for the possible acquisition of the project. Currently, the Company has become the operator for the Jinzhuang field since August 2010 for a term of twelve months. During this period, the Company will bear the entire operating cost and at the same time be entitled 90% of the production. The number of producing oil wells has increased from 67 to 100 since the Group has been the operator for the oilfield.

In addition to oil production, preliminary exploration of natural gas resources has been conducted in Jinzhuang oilfield and a tight gas reserve was discovered in early November 2010. Jinzhuang oilfield has never been explored for natural gas prior to the aforesaid natural gas exploration. According to preliminary tests performed by the Group’s oil and gas technical team, the daily open flow of each gas well would be more than 50,000 cubic meters. It is expected that daily production of each well will be not less than 20,000 cubic meters when the production becomes stabilized. According to relevant geological data, it is expected that the tight gas reserve in the Jinzhuang block is in the depth of about 2,800-3,200 meters with an estimated gas in place of 25 billion cubic meters.

Currently the Company is performing detailed technical due diligence review on the Jinzhuang Project and subject to the satisfactory result of which, the Company will proceed according to the terms and conditions of the MOU. The Board is of the view that the stable production of oil and the natural gas discovery in Jinzhuang block could provide steady revenue growth for the Group in the future.

Investors should be noted that this announcement is published as a voluntary disclosure to allow the public to acknowledge the latest development of the Company.

By order of the Board
Sino Oil and Gas Holdings Limited
Dai Xiaobing
Executive Director

Hong Kong, 9 November 2010

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Kong Siu Tim, Dr. Dai Xiaobing, Mr. Wang Ziming and Mr. Wan Tze Fan Terence; one non-executive Director, Mr. Ni Zhenwei, and three independent non-executive Directors, namely, Dr. Di Lingjun, Mr. Wong Kwok Chuen Peter and Dr. Wong Lung Tak Patrick.