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(Incorporated in Bermuda with limited liability)
(Stock Code: 702)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION – EXTENSION OF TIME LIMIT FOR ENTERING INTO FORMAL AGREEMENT

Reference is made to the Company's announcement (the "Announcement") dated 30 June 2014 regarding the Purchaser, a wholly-owned subsidiary of the Company, entering into the non-legally binding Memorandum of Understanding with the Vendor in relation to the possible acquisition by the Purchaser of the entire equity interest in the Target from the Vendor. Unless otherwise specified, terms defined in the Announcement shall have the same meanings when used in this announcement.

As disclosed in the Announcement, if no Formal Agreement is entered into on or before 30 November 2014 (or such later date to be agreed by the parties thereto), the Memorandum of Understanding shall lapse and determine. Pursuant to the Memorandum of Understanding, the Vendor will not, for a period commencing from the date of the Memorandum of Understanding up to and including 30 November 2014 (or such later date to be agreed by the parties thereto) (hereinafter referred to as "Exclusive Period"), negotiate with any party (other than the Purchaser) for the Possible Acquisition.

According to the Memorandum of Understanding, the Group is now conducting the due diligence review on the assets, indebtedness, operation and financial aspect of the Target Group. During the process of the due diligence review, the application for oil exploitation with the relevant authorities in Canada takes longer time than expected. In addition, in order to comply with the Group's requirement on the due diligence review on the assets of the Target Group, the Vendor is required to engage professional geology consultancy firm to issue a geology research report on the correlation of oil-bearing horizons, reservoir dynamic testing, research on fractured reservoirs, formational pressure, research on formation temperature and drive type of reservoir of the Canada Oil Field. Based on this report, the Vendor is required to further conduct the exploration and interpretation of three-dimensional seismic data covering the remaining 182 square kilometres of the main area of the Canada Oil Field, other than the 38 square kilometres of the Canada Oil Field which the Vendor had already completed the exploration and interpretation of three-dimensional seismic data, as disclosed in the Announcement in June this year. Therefore, additional time is required by the Group for conducting the due diligence review and pending relevant report and the exploration and interpretation of three-dimensional seismic data from the Vendor.

As such, on 28 November 2014, the Purchaser and the Vendor have agreed in writing to extend the time limit for entering into Formal Agreement and the Exclusive Period as set out in the Memorandum of Understanding to 30 June 2015 (or such later date to be agreed by the parties thereto). The Board considers that such extension of the time limit for entering into Formal Agreement and the Exclusive Period to 30 June 2015 would be in the interest of the Company and the Shareholders as a whole. Save and except for the aforesaid extension of the time limit for entering into Formal Agreement and the Exclusive Period, all other terms of the Memorandum of Understanding shall remain unchanged.

Shareholders and potential investors of the Company should be aware that the terms of the Possible Acquisition are subject to further negotiation among the parties to the Memorandum of Understanding and are subject to the parties entering into the Formal Agreement. As the Possible Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 28 November 2014

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Dai Xiaobing, Mr. King Hap Lee and Mr. Wan Tze Fan Terence; four Non-executive Directors, Mr. Chen Hua, Mr. Huang Shaowu, Mr. He Lin Feng and Mr. Ma Tengying, and four Independent Non-executive Directors, namely, Mr. Wong Kwok Chuen Peter, Professor Wong Lung Tak Patrick, Dr. Wang Yanbin and Dr. Dang Weihua.