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**(Stock Code: 702)**

## **ANNOUNCEMENT IN RELATION TO INCREASE IN GOVERNMENT SUBSIDY FOR CBM DEVELOPMENT**

This announcement is issued by Sino Oil and Gas Holdings Limited (the “**Company**” and its subsidiaries, collectively the “**Group**”) as a voluntary announcement to allow the public to understand the latest information of the Company.

With reference to 《關於“十三五”期間煤層氣（瓦斯）開發利用補貼標準的通知》（“Notice re Period of ‘13<sup>th</sup> Five-Year-Plan’: Subsidies Granted to Development of Coalbed Methane”) issued by the Chinese Ministry of Finance on 14 February 2016, the subsidy from central government for coalbed methane (“**CBM**”) production under the “13<sup>th</sup> Five-Year Plan” will be increased from RMB0.2 per cubic meter to RMB0.3 per cubic meter so as to boost the development of CBM industry. Furthermore, the subsidy policy will be reviewed and adjusted timely to commensurate with the development of the industry, change of the operating cost and market price.

The “13<sup>th</sup> Five-Year Plan” energy planning policy has signified government’s determination to accelerate the CBM development so as to build up clean-and-low-carbon, safe and efficient energy systems. There will be huge room for expansion in CBM sector in the future coupled with the industry’s key technology breakthrough. The pace of development in CBM sector will be accelerated and the future utilization rate of CBM will generally increase.

The Group believes that the above increment in subsidy will not only generate additional income for the Group, the state policy will also have direct positive impact on the development of the Group’s Sanjiao CBM project as well as the entire industry in the long run.

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

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

Hong Kong, 2 March 2016

*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; three Non-executive Directors, Mr. Chen Hua, Mr. Huang Shaowu and Mr. He Lin Feng, and four Independent Non-executive Directors, namely, Mr. Wong Kwok Chuen Peter, Professor Wong Lung Tak Patrick, Dr. Wang Yanbin and Dr. Dang Weihua.*