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中國油氣控股有限公司 **SINO OIL AND GAS HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 702)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 26 January 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 3,380,000,000 Subscription Shares at a price of HK\$0.053 per Subscription Share.

The Subscription Shares represent approximately 20.44% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds from the Subscriptions of approximately HK\$178,140,000 are intended to be used for operations of the Group's existing oil and gas projects and repayment of certain financial obligations.

THE SUBSCRIPTION

Introduction

On 26 January 2018 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 3,380,000,000 Subscription Shares at a price of HK\$0.053 per Subscription Share.

The Subscription Agreement

Date: 26 January 2018 (after trading hours)

Parties: (i) The Company; and
(ii) Mr. Zhang Yongdong as the Subscriber.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber are Independent Third Party.

The Subscription Shares

3,380,000,000 new Subscription Shares representing approximately 20.44% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

HK\$0.053 per Subscription Share, which was arrived at after arm's length negotiation among the Company and the Subscriber with reference to the market condition and the prevailing market price of the Shares.

The Subscription Price represents:

- (i) a discount of approximately 19.7% to the closing price of HK\$0.066 per Share as quoted on the Stock Exchange on 26 January 2018, being the closing price on the date of the Subscription Agreement; and
- (ii) the discount of approximately 17.19% to the average of the closing prices of HK\$0.064 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The Company is authorised to allot, issue or otherwise deal with up to 3,382,999,139 new Shares under the general mandate. As at the date of this announcement, no new Shares have been issued under such general mandate.

Ranking

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing Shares in issue as at the date of issue of the Subscription Shares. Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.

Conditions

The Subscription is subject to and conditional upon the following:

1. the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in all the Subscription Shares;
2. all other Consents of the Stock Exchange, the SFC and any other applicable governmental or regulatory authorities or any other third party which are required or appropriate for the entering into and the implementation of the Subscription Agreement having been given; and all applicable statutory and legal obligations, all applicable securities regulations and all requirements of the applicable authorities having been complied with; and
3. the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement up to the Completion Date, save for any temporary suspension not exceeding seven consecutive trading days (other than any temporary suspension relating to the clearance of any announcement in respect of the Subscription Agreement), or such longer period as the Subscriber may accept; and no indication being received on or before the Completion Date from the Stock Exchange and/or the SFC to the effect that the listing of the Shares or the Subscription Shares (as the case may be) on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the Completion or in connection with the terms of the Subscription Agreement.

Completion is expected to take place on or before the fifth Business Day after all the conditions precedent of the Subscription Agreement having been fulfilled (or such other date as the parties thereto the Subscription Agreement may agree in writing). The Subscription is not required to be approved by the Shareholders.

In the event that the conditions of the Subscriptions are not fulfilled on or before 15 February 2018 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Effects of the Subscription

Shareholders	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	%	No. of Shares	%
Directors				
Dai Xiaobing (Note 1)	1,585,040,000	9.59	1,585,040,000	7.96
King Hap Lee (Note 2)	100,000,000	0.61	100,000,000	0.50
Wan Tze Fan Terence	33,660,000	0.20	33,660,000	0.17
Chen Hua	88,000,000	0.53	88,000,000	0.44
Huang Shaowu (Note 3)	1,983,730,000	11.99	1,983,730,000	9.96
He Lin Feng	1,500,000,000	9.07	1,500,000,000	7.53
Public Shareholders:				
Subscriber	-	-	3,380,000,000	16.97
Other public Shareholders	11,248,360,697	68.01	11,248,360,697	56.47
Total	16,538,790,697	100.00	19,918,790,697	100.00

- Notes: 1. 851,195,000 shares are owned by Sino Oil and Gas Resources Investments Limited, a company wholly and beneficially owned by Dr. Dai Xiaobing. In addition, Dr. Dai Xiaobing beneficially owns 733,845,000 Shares.
2. 100,000,000 Shares are owned by Wai Tech Limited, a company wholly owned by Petromic Corporation which in turn is wholly and beneficially owned by Mr. King Hap Lee.
3. 1,883,730,000 shares are owned by Yuanjing International Limited, a company wholly and beneficially owned by Mr. Huang Shaowu. In addition, Mr. Huang Shaowu beneficially owns 100,000,000 Shares.

Reasons for the Share Subscriptions and use of proceeds

The Group is principally engaged in (i) exploration, development and production of coalbed methane, (ii) raw coal washing and sale of raw and cleaned coal and (iii) exploitation and sale of crude oil and natural gas in China. The Directors consider that the Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the Subscription Agreement is fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole.

The gross proceeds raised from the Subscription will be approximately HK\$179,140,000. The net proceeds from the Subscription of approximately HK\$178,140,000 are intended to be used for operations of the Group's existing oil and gas projects and repayment of certain financial obligations.

The net Subscription Price will be about HK\$0.0527 per Share.

Fund raising activities of the Company within 12 months prior to the date of this announcement

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays and Sundays) on which banks are generally open for business in Hong Kong
“Company”	Sino Oil and Gas Holdings Limited (Stock Code: 702), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Subscription Agreement
“Completion Date”	the actual date of completion of the Subscription pursuant to the Subscription Agreement
“Consent(s)”	including any license, consent, approval, authorization, permission, waiver, order or exemption
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 6 June 2017
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third	person(s) who or company(ies) together with its/their ultimate

Party	beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and the connected persons of the Company (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SFC"	the Securities and Futures Commission
"Shareholders"	holders of the issued Shares
"Shares"	ordinary shares of HK\$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Mr. Zhang Yongdong, Independent Third Party who entered into the Subscription Agreement
"Subscription"	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
"Subscription Agreement"	the agreement dated 26 January 2018 entered into between the Company and the Subscriber
"Subscription Price"	the subscription price of HK\$0.053 per Subscription Share
"Subscription Shares"	an aggregate of 3,380,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

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

Hong Kong, 26 January 2018

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, 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.