

9 January 2017

CHINA TARGETS ALMOST DOUBLING OF NATURAL GAS CONSUMPTION BY 2020

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") welcomes the release of the 13th Five Year Energy Plan ("Energy Plan") by the National Energy Administration ("NEA") and the National Development and Reform Commission ("NDRC") on 5 January 2017.

The Energy Plan outlines strategic focus areas to promote cleaner energy for China. Of particular relevance to Sino Gas is:

- Reiterates the target to increase natural gas' share of the energy mix to 10% by 2020, up from less than 6% in 2015;
- Aims to increase natural gas exploration and development activities in unconventional resources and the Ordos Basin, amongst others, to provide the domestic natural gas supply necessary to meet increased demand;
- Continues to prioritise deregulating the natural gas market to drive efficiencies in the value chain and improve access to infrastructure, and
- Specifically promotes natural gas for use in the power and transportation sectors and as a replacement fuel for coal and oil.

Commenting on the Energy Plan, Sino Gas Managing Director Mr Glenn Corrie said: "*The goal of the Energy Plan is emission reductions to improve ecological conditions, protect people's health and promote economic restructuring and sustainable development.*"

With the target of almost doubling natural gas in the energy mix by 2020, Sino Gas and Energy is well positioned with its large, low cost, low risk gas resource in the strategic Ordos Basin, to make an important contribution to China's clean energy objectives. As an Australian company and a growing producer of domestic natural gas, we are pleased to be making an important contribution to China's clean energy objectives.

With the ODP processes commenced, we believe the Energy Plan objectives will support delivery of ODP's in a timely manner."

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited ("Sino Gas" ASX: SEH) is an Australian energy company focused on developing natural gas assets in China. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE"), a strategic partnership with China New Energy Mining Limited ("CNEML"). SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts ("PSC"s) in the Ordos Basin, Shanxi province.

SGE's interest in the Linxing PSC with CUCBM is 64.75% and 49% for the Sanjiaobei PSC held with PCCBM. SGE has a 100% working interest during the exploration phase of the PSC, with SGE's PSC partners being entitled to back-in upon Overall Development Plan ("ODP") approval, by contributing development and operating costs in line with their PSC interest.

The PSCs are located in the Ordos Basin and cover an area of approximately 3,000km². The Ordos Basin is the largest onshore gas producing basin in China. The region has mature field developments with an established pipeline infrastructure to major markets. Rapid economic development is being experienced in the provinces in which Sino Gas' PSCs are located and natural gas is seen as a key component of clean energy supply in China.

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Certain statements included in this release constitute forward looking information. This information is based upon a number of estimates and assumptions made on a reasonable basis by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies.

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