

21 July 2016

SINO GAS WELCOMES CNEML AS NEW JOINT VENTURE PARTNER

Sino Gas & Energy Holdings Limited (ASX: SEH, "**Sino Gas**" or the "**Company**") is pleased to welcome China New Energy Mining Limited ("**CNEML**") as our new Joint Venture partner following CNEML's successful completion of the acquisition of a 51% interest in the Joint Venture company Sino Gas Energy Limited (the "**Joint Venture**" or "**SGE**").

As announced on 27 April 2016, Sino Gas' previous Joint Venture Partner, MIE Holdings Corporation ("**MIE**", HKSE Ticker 1555) agreed to sell the entire issued share capital and loans of Asia Gas & Energy Limited, the holding company of MIE's 51% interest in the Joint Venture, to CNEML for US\$220 million in cash (plus a working capital adjustment). CNEML's acquisition is now complete, as announced by MIE to the Hong Kong Stock Exchange yesterday, 20 July 2016. A copy of MIE's announcement is available on its website.

Sino Gas management have met with CNEML on a number of occasions to ensure a smooth transition, discuss and agree key objectives for 2016 and obtain alignment on key strategic elements to deliver the full value of the Sanjiaobei and Linxing Production Sharing Contracts. CNEML has confirmed its commitment to the short term objectives of increasing gross production from the Linxing and Sanjiaobei Central Gathering Stations to 25 Million standard cubic feet per day ("**MMscf/d**") and obtaining Chinese Reserve Report ("**CRR**") approvals by the end of 2016. In addition, both companies have discussed the planning for full field development with a focus on Overall Development Plan ("**ODP**") approvals and ramping up production.

With the acquisition now complete, Sino Gas believes this transaction provides third-party validation of the value of the assets. On an implied valuation basis, this transaction values Sino Gas' 49% stake in SGE at ~US\$211 million (A\$282 million) before working capital adjustments.

Commenting on CNEML's acquisition, Sino Gas Managing Director Mr Glenn Corrie said:

"Sino Gas is pleased to officially welcome CNEML as our new Joint Venture partner and view their acquisition as transformational, enabling us to deliver the significant underlying value of our assets. We continue to be impressed by CNEML's financial and commercial capabilities, local relationships and their strong commitment to maximising the value of the assets. We have made strong progress on obtaining alignment around key strategic objectives and are working together to deliver our objective of exiting 2016 with gross production of 25 MMscf/d and then subsequently ramp up production in future years. We look forward to a long and prosperous relationship with CNEML."

Sino Gas & Energy Holdings Limited

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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 unconventional gas assets in China. Sino Gas holds a 49% interest in Sino Gas & Energy Limited ("SGE") through a strategic partnership 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 (PSCs) 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 second largest onshore oil and 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.

Sino Gas & Energy Holdings Limited (ASX: SEH) was admitted to the Official List of ASX in 2009.

Disclaimer

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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