

22 May 2018

FIRST LINXING ODP APPROVED

Further to its announcement of in-principle approval on 29 March 2018, Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to announce that its Joint Venture company, Sino Gas & Energy Limited ("SGE") has received approval for the first Linxing Production Sharing Contract ("PSC") Overall Development Plan ("ODP") from SOE partner China United Coalbed Methane ("CUCBM").

This landmark achievement reflects the recognition of the Linxing project as a strategically important source of low-cost domestic natural gas supply in the rapidly growing China natural gas market by the central government under the 13th Five Year Plan, the Shanxi provincial government and CUCBM.

The first Linxing ODP focuses on core development and pilot production areas representing ~20% of the current discovered area of Linxing East and West. CUCBM has supported a staged approval process to facilitate the continued ramp-up of production in parallel with phased approvals. Future ODP submissions to support the development of the remaining discovered area are expected to be appended to this initial ODP.

As announced on 9 May 2018, CUCBM expects to obtain full Linxing project investment committee approval from its parent, China National Offshore Oil Corporation ("CNOOC") by mid-2019. CUCBM is considering its level of participation in the Linxing PSC and is currently expected to provide formal notification to SGE prior to mid-2019. Sino Gas continues to retain adequate financial flexibility to fund field development.

In April 2017, Sino Gas purchased an Option to acquire on ODP approval 7.5% of SGE's participating interest in the Linxing PSC by reimbursing SGE for 7.5% of historical back costs ¹. Given the staged nature of ODP approvals, Sino Gas is considering the most appropriate time to exercise the Option.

In addition, confidential commercial discussions continue with CUCBM regarding the on-going development and partnership terms and other matters relating to the Linxing PSC.

Sino Gas continues to expect approval of the first Sanjiaobei ODP in the first half of this year.

Commenting on this development, Sino Gas' Managing Director Glenn Corrie said:

"The approval of the first Linxing ODP is the result of extensive collaboration between SGE and CUCBM and recognises the strategic importance of Linxing as a low-cost source of natural gas supply to meet rapidly growing Chinese demand. The Linxing ODP area is expected to be expanded as SGE continues to ramp-up production with a target of total gross plateau production of 350 to over 550 million standard cubic feet per day from Linxing and Sanjiaobei ²".

Sino Gas & Energy Holdings Limited

Investor Relations

+86 10 8458 3001

1300 746 642 (local call within Australia)

ir@sinogasenergy.com

1. Please refer to the 18 April 2017 announcement. 2. Please refer to Development Plan dated 30 October 2017.

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"), the operator of the Linxing and Sanjiaobei Production Sharing Contracts ("PSCs") in the Ordos Basin, China's largest gas producing basin. SGE has been established in Beijing since 2005 and is jointly owned with CNEML via a strategic partnership.

SGE's current interest in the Linxing PSC with CUCBM (a CNOOC wholly-owned subsidiary) is 70% and 49% for the Sanjiaobei PSC held with PCCBM (a PetroChina wholly-owned subsidiary). SGE has a 100% working interest during the exploration phase of the PSCs, and SGE's PSC partners are entitled to participate up to their PSC working interest by contributing their future share of costs.

Sino Gas also holds an option to acquire 7.5% of SGE's participating interest in the Linxing PSC by contributing 7.5% of historical back costs to SGE.

The PSCs cover an area of approximately 3,000km² in the Ordos basin in Shanxi, a rapidly developing province. The region has mature field developments with an established pipeline infrastructure to major markets. Natural gas is a key component of clean energy supply in China, with the 13th Five-Year Plan identifying the Ordos basin as a strategic natural gas source.

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. Whilst the Company considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove correct or that the outcomes indicated in the announcement will be achieved. Production profile, plateau rates and other development plan parameters are indicative only and not guidance, and remain subject to any necessary regulatory approvals and applicable investment decisions.

Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability, potential title disputes and additional funding requirements as further detailed in the Company's annual report. Further, despite the Company having attempted to identify all material factors that may cause actual results to differ, there may be other factors that cause results not to be as anticipated, estimated or intended. Forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this release (or as otherwise specified) and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.