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20% INCREASE IN GAS PRICE, SANJIAOBEI CGS PREPARING FOR STARTUP

-  ~20% (in RMB terms) increase in wellhead gas prices has been agreed for gas sales from the Sanjiaobei and Linxing PSC's
-  Sanjiaobei CGS is now being prepared for restart following the finalisation of price discussions and nominations with gas buyers
-  Ramp-up of the Linxing CGS expected shortly once pipeline nominations are granted

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to provide the following update.

The Sanjiaobei Central Gathering Station ("CGS") is being prepared to restart and once at full capacity is expected to approximately double total gross production to approximately 15 Million standard cubic feet per day ("MMscf/d") comprising ~7 MMscf/d from the Sanjiaobei CGS and ~8 MMscf/d from the Linxing CGS.

The 2016 work program is now complete and all wells have been tied-in to the facilities to support the 2016 production ramp-up plan. In total, 23 wells have now been tied into the Sanjiaobei CGS with an estimated productive capacity of the well stock in excess of the Sanjiaobei CGS processing capacity.

Gas from the Sanjiaobei CGS will be sold via the existing Gas Sales Agreement ("GSA") with Jiahao and a newly executed GSA with Huasheng. This Sanjiaobei GSA with Huasheng is in addition to the previously announced Huasheng GSA for Linxing, further increasing available gas supply to Huasheng's major customer, Chinalco's alumina plant which is converting from coal-fired to natural gas-fired power in-line with the Chinese Government's five year plan.

Gas will be sold from the Sanjiaobei CGS at an average price of RMB1.67/m³ (~US\$6.80/mcf), an increase of ~20% in RMB terms from summer prices. The increased gas price demonstrates the strength of the Chinese natural gas market and is in line with the National Development and Reform Commission's ("NDRC") policy to allow greater seasonal pricing and an increase in prices of up to 20% from November 20, 2015 levels.

Additionally, the second compressor at the Linxing CGS is expected to start shortly once nominations in the regional pipeline are granted.

With the re-start of gas sales from the Sanjiaobei CGS and the expected start-up of the second compressor at Linxing, Sino Gas will continue its focus to ramp-up production towards 25 MMscf/d.

Commenting on the production update, Sino Gas Managing Director Mr Glenn Corrie said: *"We are delighted with a 20% increase in the agreed gas price, in RMB terms, which is a clear sign of the growing strength of the China gas market. With the resumption of production from our Sanjiaobei CGS we will approximately double our daily production. Upon ramp-up of the Linxing CGS we anticipate a rapid further step change in production levels towards our total installed capacity of 25 MMscf/d."*

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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.

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

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