



21 December 2016

## **SANJIAOBEI CGS ONLINE AND LINXING CGS RAMPS-UP**

-  Gross production currently at 16 MMscf/d with the restart of the Sanjiaobei CGS and start-up of the second compressor at the Linxing CGS
-  Further production increases expected in the coming weeks towards total installed capacity of 25 MMscf/d.

Sino Gas & Energy Holdings Limited (ASX: SEH, "Sino Gas" or the "Company") is pleased to announce gross pilot production from the Linxing and Sanjiaobei PSC's is currently 16 Million standard cubic feet per day ("MMscf/d").

Following agreements on pricing and pipeline nominations with its gas buyers, the Sanjiaobei Central Gathering Station ("CGS") has been restarted and Linxing CGS production has commenced via the second compressor.

Start-up operations have proceeded smoothly and as of 20 December, total gross production from both facilities was approximately 16 MMscf/d. Pilot gas production is expected to increase steadily over the coming weeks towards total installed capacity of 25 MMscf/d as wells and production facilities are brought into steady state.

Commenting on the ramp up of production from both currently installed facilities, Sino Gas Managing Director Glenn Corrie said,

*"We are very pleased to have all of our pilot production facilities operational, driving a substantial increase in production and cashflow with further growth expected in the near term as facilities are brought into steady state."*

*The pilot production project continues to de-risk the value of our assets by proving the commercial deliverability of the wells, providing crucial information for development planning, successfully completing the entire value chain and providing revenue."*

*Sino Gas is becoming an increasingly important producer of natural gas in China. With low cost production, strong gas prices and highly supportive government policy Sino Gas believes it is well positioned to deliver significant value to its shareholders whilst providing much needed cleaner natural gas to meet China's growing energy needs."*

### **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 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 3,000km<sup>2</sup>. 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.

#### Disclaimer

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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.

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 additional funding requirements, gas prices, exploration, acquisition, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. 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 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.

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