

Sino Oil & Gas (00702.HK) Announces Interim Results 2020

Hong Kong, 28 August 2020 – Leading oil and gas explorer and developer Sino Oil and Gas Holdings Limited (the “Company”, Hong Kong stock code:702) today announced the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019. During the period, the Group recorded a total revenue of approximately HK\$118,884,000(2019 interim: HK\$157,807,000), which decreased by approximately24.7% compared with the same period of last year. The turnover included the sales of coalbed methane (“CBM”) in Sanjiao CBM Project of approximately HK\$52,500,000 (2019 interim: HK\$58,185,000), the sales derived from raw coal washing project located in Qinshui Basin, Shanxi Province of approximately HK\$61,930,000(2019 interim: HK\$73,980,000), and the revenue from the financial services business in Shaanxi Province of approximately HK\$4,454,000 (2019 interim: HK\$1,908,000).

Although the Group's turnover dropped due to the outbreak of new coronavirus (“COVID-19”) for the six months ended 30 June 2020, the overall operation of the Group remained stable attributable to proper cost control. During the period, the Group administrative expenses decreased significantly by approximately 27.5%. The Group recorded earnings before interest, taxes, depreciation and amortization (“EBITDA”) of approximately HK\$58,143,000(2019 interim: HK\$56,786,000) which increased by approximately2% compared with the same period of last year. During the period, the Group recorded a net loss of approximately HK\$67,072,000 (2019 interim: net loss HK\$67,057,000), which was approximately the same as the period of last year.

During the period, the Sanjiao CBM Project continued to develop steadily, and strict cost management has been implemented to cope with market uncertainties. Sanjiao CBM Project recorded EBITDA of approximately HK\$ 53,234,000(2019 interim: HK\$46,185,000) which increased by approximately 15.3% as compared with the same period of last year. During the period, the income from government subsidies and VAT tax refund were approximately HK\$24,193,000 (2019 interim: HK\$24,454,000). CBM sales amounted to HK\$52,500,000 (2019 interim: HK\$58,185,000), which decreased by approximately9.8% as compared with the same period of last year. During the period, the production and sales of CBM were approximately47.78 million cubic meters (2019 interim: 51.29 million cubic meters) and 46.34 million cubic meters (2019 interim: 49.76 million cubic meters) respectively, resulting in a gas sale-to-production rate of approximately 97% for the period (2019 interim: 97%). For the

period, industrial and residential piped CBM sales accounted for approximately 79.9% (2019 interim: 82.6%) and 20.1% (2019 interim: 17.4%) of the total sales respectively.

Prospects

In the current increasingly complex economic and political environment, the Group will endeavor to have a steady growth of revenue while implementing strict cost control to maintain stable profits and further strengthen its business foundation. In the first half of 2020, although the Group's CBM project was affected by the pandemic, the volume of sales has remained stable and the profitability has been improved mainly attributable to the effective cost control. In the long run, the Group believes that the Sanjiao CBM Project will continue to have steady growth with increasing competitiveness. Its earnings will hence be further enhanced with good prospects.

Looking ahead, the Group will maintain a prudent financial management strategy and conduct debt management with a proactive attitude. At the same time, the Group will further improve operating effectiveness and efficiency, monitor costs, and strengthen risk management so as to have prompt response to the unforeseeable market changes. The Group will always prepare for the future development and to ensure reasonable returns for shareholders.