Sino Oil and Gas Holdings Limited
中國油氣控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 702)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of Sino Oil and Gas Holdings Limited (formerly known as Genesis Energy Holdings Limited) (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 were as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2010
(Expressed in Hong Kong Dollars)

	Notes	**2010 (unaudited) HK$'000**	2009 (unaudited) HK$'000
Continuing operations			
Turnover	5	**9,779**	9,552
Direct cost		**(7,006)**	(4,653)
Gross profit		**2,773**	4,899
Other income	6	**1,863**	536
Other gains	7	**24**	1,056
Administrative and other operating expenses		**(36,963)**	(10,031)
Loss from operations		**(32,303)**	(3,540)
Finance costs	8	**(250)**	(200)
Share of (loss) / profit of a jointly controlled entity		**(569)**	1,906
Loss before income tax expenses	8	**(33,122)**	(1,834)
Income tax expenses	9	**-**	-
Loss for the period from continuing operations	5	**(33,122)**	(1,834)

The notes on pages 6 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
For the six months ended 30 June 2010
(Expressed in Hong Kong Dollars)

	Notes	**2010 (unaudited) HK$'000**	2009 (unaudited) HK$'000
Discontinued operation			
Profit for the period from discontinued operation	5	**-**	2,111
(Loss) / profit for the period		**(33,122)**	277
Other comprehensive income, after tax			
Exchange difference on translation of financial statements of overseas subsidiaries		**2,227**	(332)
Total comprehensive income for the period		**(30,895)**	(55)
(Loss) / profit attributable to:			
- Equity holders of the Company		**(33,092)**	277
- Non-controlling interest		**(30)**	-
		(33,122)	277
Total comprehensive income attributable to:			
- Equity holders of the Company		**(30,865)**	(55)
- Non-controlling interest		**(30)**	-
		(30,895)	(55)
		HK$ (cents)	HK$ (cents)
(Loss) /earning per share – Basic	11		
From continuing and discontinued operations		**(0.674)**	0.006
From continuing operations		**(0.674)**	(0.042)
From discontinued operation		**N/A**	0.048
(Loss) / earning per share – Diluted	11		
From continuing and discontinued operations		**N/A**	0.006
From continuing operations		**N/A**	(0.042)
From discontinued operation		**N/A**	0.048

The notes on pages 6 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2010
(Expressed in Hong Kong Dollars)

	Notes	At 30 June 2010 (Unaudited)		At 31 December 2009 (audited)	
		HK$'000	**HK$'000**	HK$'000	HK$'000
Non-current assets					
Property, plant and equipment	12		**112,214**		115,805
Intangible assets	13		**95,700**		95,434
Goodwill			**4,230**		4,230
Investment in a jointly controlled entity	14		**9,037**		9,606
Pledged deposits			**1,130**		1,130
Deposits paid			**2,276**		2,276
			224,587		228,481
Current assets					
Inventories		**705**		446	
Trade and other receivables, deposits and prepayment	15	**8,479**		6,740	
Cash and cash equivalents		**369,706**		10,535	
		378,890		17,721	
Current liabilities					
Account payables and accruals	16	**(11,832)**		(21,767)	
Amount due to a shareholder	17	**(22,997)**		-	
Convertible note	18	**(16,824)**		-	
Provision		**(338)**		(338)	
		(51,991)		(22,105)	
Net current assets / (liabilities)			**326,899**		(4,384)
Total assets less current liabilities			**551,486**		224,097
Non-current liabilities					
Deferred tax liabilities		**(12,461)**		(12,461)	
Amount due to a shareholder		**-**		(46,521)	
Convertible note		**-**		(16,824)	
Total non-current liabilities			**(12,461)**		(75,806)
NET ASSETS			**539,025**		148,291
CAPITAL AND RESERVES					
Share capital	19		**64,736**		43,861
Reserves			**474,178**		104,289
Total equity attributable to equity holders of the Company			**538,914**		148,150
Non-controlling interest			**111**		141
TOTAL EQUITY			**539,025**		148,291

The notes on pages 6 to 20 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 – unaudited

(Expressed in Hong Kong Dollars)

	Attributable to equity holders of the Company											
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share option reserves HK$'000	Warrant reserves HK$'000	Convertible note equity reserves HK$'000	Exchange reserves HK$'000	Capital reserve HK$'000	Accumulated loss HK$'000	Total HK$'000	Non-controlling Interest HK$'000	Total Equity HK$'000
At 1 January 2010	43,861	397,978	81,043	21,132	-	9,489	9,725	7,741	(422,819)	148,150	141	148,291
Total comprehensive income for the period	-	-	-	-	-	-	2,227	-	(33,092)	(30,865)	(30)	(30,895)
Shares issued under placing and subscription – note19	16,240	321,812		-	-	-	-	-	-	338,052	-	338,052
Shares issued under share option scheme – note 19	4,425	59,883	-	(6,590)	-	-	-	-	-	57,718	-	57,718
Equity-settled share-based transactions	-	-	-	19,200	-	-	-	-	-	19,200	-	19,200
Issue of warrant – note 20	-	-	-	-	6,000	-	-	-	-	6,000	-	6,000
Issue of shares on exercise of warrants shares – note 19	210	4,620	-	-	(210)	-	-	-	-	4,620	-	4,620
Reversal of capital reserves on the repayment to shareholder's loan	-	-	-	-	-	-	-	(3,961)	-	(3,961)	-	(3,961)
At 30 June 2010	**64,736**	**784,293**	**81,043**	**33,742**	**5,790**	**9,489**	**11,952**	**3,780**	**(455,911)**	**538,914**	**111**	**539,025**
At 1 January 2009	42,269	364,780	81,043	22,433	-	-	25,817	-	(404,035)	132,307	122	132,429
Total comprehensive income for the period	-	-	-	-	-	-	(332)	-	277	(55)	-	(55)
Shares issued for acquisitions	724	9,276	-	-	-	-	-	-	-	10,000	-	10,000
Shares issued under share option scheme – note 19	728	4,593	-	-	-	-	-	-	-	5,321	-	5,321
At 30 June 2009	**43,721**	**378,649**	**81,043**	**22,433**	**-**	**-**	**25,485**	**-**	**(403,758)**	**147,573**	**122**	**147,695**

The notes on pages 6 to 20 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2010
(Expressed in Hong Kong Dollars)

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash used in operating activities	**(15,535)**	(3,660)
Net cash used in investing activities	**(1,585)**	(37,552)
Net cash used in before financing activities	**(17,120)**	(41,212)
Net cash generated from financing activities	**376,291**	40,366
Net increase / (decrease) in cash and cash equivalents	**359,171**	(846)
Cash and cash equivalents at 1 January	**10,535**	19,622
Cash and cash equivalents at 30 June	**369,706**	18,776
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	**369,706**	18,776

The notes on pages 6 to 20 form part of this interim financial report.

NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Hong Kong Dollars)

1. GENERAL

The Company was incorporated as an exempted company with limited liability in Bermuda on 2 November 1999 under the Companies Act 1981 of Bermuda (as amended) and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 February 2000. The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Suite 3707-3708, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, respectively.

The change of the English name of the Company from "Genesis Energy Holdings Limited" to "Sino Oil and Gas Holdings Limited" and the adoption of the Chinese name of "中國油氣控股有限公司" as secondary name of the Company was approved by the shareholders at the Special General Meeting held on 8 July 2010. On the same date, the change of name of the Company and adoption of the Chinese name as secondary name has become effective.

2. BASIS OF PREPARATION

The interim financial report of the Company and its subsidiaries (collectively the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with the Hong Kong Accounting Standard ("HKASs") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report is unaudited, but has been reviewed by the Company's Audit Committee.

2. BASIS OF PREPARATION (Continued)

The financial information relating to the financial year ended 31 December 2009 that is included in this interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company's head office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 16 April 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, which have been prepared in accordance with all applicable HKFRSs, which collectively term includes all applicable individual HKFRSs, HKASs and interpretation issued by HKICPA, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

The financial statements are presented in Hong Kong dollars which is the functional currency of the Company. All financial information presented in Hong Kong dollars is rounded to the nearest thousand unless otherwise stated.

The HKICPA has issued a number of amendments, new and revised HKFRSs, which term collectively included HKASs and Interpretations that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2010. In the current period, the Group has applied for the first time the following new standards, amendments and interpretation ("new HKFRSs") issued by HKICPA which are effective for the current period.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The adoption of these new/revised HKFRSs has no significant effect on the Group's reported results and financial position. Accordingly, no prior period adjustment has been recognised.

(Expressed in Hong Kong Dollars)

4. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2010

Up to the date of issue of this interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 December 2010 and which have not been adopted in this interim financial report.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

Management is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

5. TURNOVER AND SEGMENT REPORTING

On adoption of HKFRS 8 – Operating Segments and in a manner consistent with the way in which information is reported internally to the Group's management for the purposes of resources allocation and performance assessment, the Group has identified the following two operating divisions: -

i) Oil exploitation:	Exploitation and sale of crude oil.
ii) Natural gas and LPG:	The operation of gas refilling stations supplying natural gas and LPG for vehicle use and sale of LPG for vehicle use – discontinued during the year 2009.

The Group discontinued the operation of sale of nature gas and LPG at refilling stations during the year of 2009 as result of disposal of Excellent Century Limited and its subsidiaries. There are no sales or trading transactions between the business segments. Segment information about these businesses is set out as follows:-

For the period ended 30 June 2010

	Continuing operations	Discontinued operation	
	Oil exploitation HK$'000	Natural gas and LPG HK$'000	Consolidated HK'000
Turnover -			
Revenue from external customers	9,779	-	9,779
Segments results	2,773	-	2,773
Unallocated operating income and expenses	(35,076)	-	(35,076)
Loss from operations	(32,303)	-	(32,303)
Finance costs	(250)	-	(250)
Share of loss of a jointly controlled entity	(569)	-	(569)
Loss before taxation	(33,122)	-	(33,122)
Taxation – note 9	-	-	-
Loss for the period	(33,122)	-	(33,122)

5. TURNOVER AND SEGMENT REPORTING (Continued)

For the period ended 30 June 2009

	Continuing operations	Discontinued operation	
	Oil exploitation HK$'000	**Natural gas and LPG HK$'000**	**Consolidated HK'000**
Turnover -			
Revenue from external customers	9,552	19,279	28,831
Segments results	4,899	4,602	9,501
Unallocated operating income and expenses	(8,439)	(1,529)	(9,968)
Profit / (loss) from operations	(3,540)	3,073	(467)
Finance costs	(200)	-	(200)
Share of profit of a jointly controlled entity	1,906	-	1,906
Profit / (loss) before taxation	(1,834)	3,073	1,239
Taxation – note 9	-	(962)	(962)
Profit / (loss) for the period	(1,834)	2,111	277

6. OTHER INCOME

	Six months ended 30 June 2010 HK$'000	2009 HK$'000
Continuing operations		
Interest income	**24**	3
Rental income	**114**	291
Compensation	**740**	-
Discounts on vendors' bills	**894**	-
Other	**91**	242
	1,863	536
Discontinued operation		
Interest income	**-**	5
	1,863	541

7. OTHER GAINS

	Six months ended 30 June 2010 HK$'000	2009 HK$'000
Continuing operations		
Gain on disposal of available-for-sale investments	**-**	1,056
Exchange gain, net	**24**	-
	24	1,056

8. LOSS BEFORE INCOME TAX EXPENSES

Loss before income tax expenses is arrived at after charging:-

	Six months ended 30 June 2010 HK$'000	2009 HK'000
a) **Finance costs**		
Continuing operations:		
Interest on convertible note	**250**	**-**
Interest on borrowing repayable within one year	**-**	200
	250	200
b) **Staff costs (including director's remuneration)**		
Continuing operations:		
Salaries, wages and other benefits	**5,233**	4,529
Contributions to defined contribution retirement plan	**163**	131
Equity settled share-based payment expenses	**19,200**	-
	24,596	4,660
Discontinued operation		
Salaries, wages and other benefits	-	**599**

8. LOSS BEFORE INCOME TAX EXPENSES (Continued)

	Six months ended 30 June	
	2010	2009
c) Other items	**HK$'000**	HK$'000
Continuing operations:-		
Depreciation of property, plant and equipment	**4,736**	2,705
Amortisation of intangible assets	**100**	462
Operating lease charges: minimum lease payments		
- property rentals	**1,404**	1,465
Discontinued operation		
Cost of inventories	**-**	9,717
Depreciation of property, plant and equipment	**-**	1,624
Amortisation of prepaid lease payment	**-**	155

9. INCOME TAX EXPENSES

Income tax expenses represents:

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Continuing operations	**-**	-
Discontinued operation	**-**	962

a) Continuing Operations:-

No provision for Hong Kong profits tax has been made in the financial statements as the Group did not derive any income subject to Hong Kong profits tax for the period ended 30 June 2010 and 2009. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the period. During the period ended 30 June 2010 and 2009, the PRC subsidiaries have no assessable income subject to PRC income tax. The subsidiaries in the United States are subject to a tax rate of 34%. These subsidiaries incurred losses for the tax purposes during the period ended 30 June 2010 and 2009.

9. INCOME TAX EXPENSES (Continued)

b) Discontinued Operation:-

No provision for income tax has been provided for the six months ended 2010 as the operation was discontinued in 2009. Provision for the PRC enterprise income tax is calculated based on a statutory rate of 25% on the assessable profit of the Group for the six months ended 2009.

10. DIVIDENDS

The directors have not declared nor proposed any dividends in respect of the six months ended 30 June 2010 (2009: Nil)

11. (LOSS) / EARNING PER SHARE

a) Basic (loss) / earning per share

The calculation of basic (loss) / earning per share is based on the (loss) / profit attributable to equity holders of the Company of (HK$33,092,000) (six months ended 30 June 2009: HK$277,000) and the weighted average of 4,909,454,000 ordinary shares (2009: 4,335,206,000 ordinary shares) in issue during the period, calculated as follows:-

	2010 HK$'000	2009 HK$'000
Continuing operations	**(33,092)**	(1,834)
Discontinued operation	**-**	2,111
	(33,092)	277

Weighted average number of ordinary shares	**Number of shares At 30 June 2010 '000**	At 30 June 2009 '000
Issued ordinary share at 1 January	**4,386,148**	4,226,884
Effect of shares issued under placing and subscription	**385,669**	-
Effect of shares options exercised	**136,527**	55,075
Effect of shares warrants exercised	**1,110**	-
Effect of shares issued for acquisition	**-**	53,247
Weighted average number of ordinary shares at 30 June	**4,909,454**	4,335,206

11. (LOSS) / EARNING PER SHARE (Continued)

b) Diluted (loss) / earning per share

No disclosure of diluted loss per share for six months ended 30 June 2010 is presented as the Company's outstanding share options, outstanding warrants and convertible note during the period had anti-dilutive effect on the basic loss per share.

The calculation of diluted earning per share for the six months ended 30 June 2009 is based on the profit attributable to equity holders of the Company of HK$277,000 and the weighted average of 4,458,960,000 ordinary shares in issue during the period, calculated as follows:-

Weighted average number of ordinary shares	**Number of shares At 30 June 2009 ’000**
Weighted average number of shares	**4,335,206**
Effect of share options	**123,754**
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,458,960**

12. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group incurred capital expenditure of property, plant and equipment with a cost of HK$471,000 (for the six months ended 30 June 2009: HK$46,529,000).

13. INTANGIBLE ASSETS

The intangible assets represent an oil exploitation right in oil fields in the PRC and United States.

14. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Unlisted shares, at cost	**19,500**	19,500
Less: share of post acquisition losses	**(10,463)**	(9,894)
	9,037	9,606

15. TRADE AND OTHER RECEIVABLES, DEPOSIT AND PREPAYMENT

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Trade receivables	**2,629**	3,117
Bill receivable	**-**	1,707
Other receivables	**3,562**	937
Amount due from non-controlling interest of a subsidiary	**160**	160
	6,351	5,921
Utility and other deposits	**1,570**	599
Prepayments	**558**	220
	2,128	819
	8,479	6,740

Note:

(i) All the trade receivables and other receivables are expected to be recovered within one year. The average credit period granted to customers is 60 days from the invoice date. All the trade receivables are less than one month past due and not impaired. Ageing analysis of trade receivables is as follows:

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Within 1 month	**1,662**	**2,606**
1-2 months	**967**	**511**
	2,629	**3,117**

(ii) The amount due from non-controlling interest of a subsidiary is unsecured, interest free and has no fixed terms of repayment.

16. ACCOUNT PAYABLES AND ACCRUALS

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Account payables and accrued charges	11,832	21,330
Amount due to non-controlling interest of a subsidiary	-	270
Amount due to a director	-	167
	11,832	21,767

Notes: Account payables and accruals are expected to be settled within one year or are repayable on demand.

17. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and is expected to be settled within one year.

18. CONVERTIBLE NOTE

The convertible note was fully redeemed at its face value of HK$25,000,000 on 30 July 2010.

19. SHARE CAPITAL

	Number of shares issued '000	Nominal value of shares issued HK$'000
At 1 January 2009	4,226,884	42,269
Shares issued under share option scheme – note (iv)	86,800	868
Share issued for acquisitions	72,464	724
At 31 December 2009 and at 1 January 2010	4,386,148	43,861
Shares issued under shares placing and subscription – note (i), (ii) & (iii)	1,624,000	16,240
Shares issued under share option scheme – note (iv)	442,510	4,425
Share issued under exercise of warrants – note (v)	21,000	210
At 30 June 2010	6,473,658	64,736

19. SHARE CAPITAL (Continued)

(i) On 26 March 2010, the Company entered into the Share Subscription Agreements pursuant to which the subscribers had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 874,000,000 shares of the Company at a price of HK$0.198 per new share. The subscriptions were subsequently completed on 23 April 2010.

(ii) On 20 April 2010, the Company entered into the Share Subscription Agreements pursuant to which the subscribers had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 550,000,000 shares of the Company at a price of HK$0.22 per new share. The subscriptions were subsequently completed on 25 June 2010.

(iii) On 21 April 2010, the Company entered into the Shares Placing Agreement with the placing agent pursuant to which the placing agent had conditionally agreed, on a best effort basis, to procure subscription by the placees for and the Company had conditionally agreed to allot and issue a total of up to 200,000,000 shares of the Company at a price of HK$0.22 per new share. The placing was subsequently completed on 25 June 2010.

Upon completion of the above exercises, a total of 1,624,000,000 ordinary shares were issued by the Company at a consideration of HK$338,052,000 of which HK$16,240,000 and HK$321,812,000 was credited to share capital and share premium accounts respectively.

(iv) During the six months ended 30 June 2010, options were exercised to subscribe for 442,510,000 (2009: 86,800,000) ordinary shares in the Company at a consideration of HK$57,718,250 (2009: HK$6,678,000) of which HK$4,425,100 (2009: HK$868,000) was credited to share capital and the balance of HK$53,293,150 (2009: HK$5,810,000) was credited to the share premium account.

(v) During the six months ended 30 June 2010, warrants were exercised to subscribe for 21,000,000 ordinary shares in the Company at a consideration of HK$4,620,000 of which HK$210,000 was credited to share capital and the balance of HK$4,410,000 was credited to the share premium account.

20. WARRANTS

(i) On 20 April 2010, the Company entered into the Warrant Subscription Agreements pursuant to which the subscribers had agreed to subscribe for and the Company had agreed to issue a total of 500,000,000 warrants. The issue price per warrant is HK$0.01 and the subscription price is HK$0.22 per warrant share. The subscriptions were subsequently completed on 25 June 2010.

(ii) On 21 April 2010, the Company entered into the Warrants Placing Agreement with the placing agent for the placing of up to a total of 100,000,000 warrants to the placees at the issue price of HK$0.01 per warrant and the subscription price is HK$0.22 per warrant share. The warrants placing was subsequently completed on 25 June 2010.

Upon completion of the above exercises, a total of 600,000,000 warrants were issued, the net proceeds of which were approximately HK$5,825,000.

21. COMMITMENTS

As at 30 June 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Within 1 year	**1,656**	1,656
After 1 year but within 5 years	**832**	1,656
	2,488	3,312

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to two years without an extension option. None of the leases includes contingent rentals.

22. MATERIAL RELATED PARTY TRANSACTIONS

a) Amount due from non-controlling interest of a subsidiary

The amount due from non-controlling interest of a subsidiary is disclosed in the note 15 to the financial statements.

22. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Amount due to a shareholder

The amount due to a shareholder of the Group is disclosed in the note 17 to the financial statements.

c) Key management personnel remuneration

Details of compensation paid to key management personnel including the directors of the Company are as follows:-

	At 30 June	
	2010	2009
	HK$'000	HK$'000
Salaries and other benefits including the contribution to defined contribution retirement plan	**2,116**	2,392

23. CONTINGENT LIABILITIES

The Group has oil exploitation operation in the United States of America ("the USA"). The USA has adopted environmental laws and regulations that affect the operation of the oil industry. The outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material. Under existing legislation, however, management believes that there are no probable liabilities that will have a material adverse effect on the financial position of the Group.

24. POST BALANCE SHEET EVENTS

a) On 3 July 2010, the Company entered into the Placing Agreement with the placing agent, pursuant to which the placing agent agreed amongst other things to procure, on a best efforts basis, placees to subscribe in cash for up to 4,415,000,000 new shares of the Company at a minimum possible placing price of HK$0.53 per new share under special mandate. The proposed resolution in relation to the above placing of new shares under special mandate was duly passed by the shareholders of the Company at the special general meeting held on 16 August 2010.

b) On 3 July 2010, the Company proposed an increase in authorised share capital from HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each to HK$250,000,000 divided into 25,000,000,000 shares of HK$0.01 each by the creation of 15,000,000,000 shares of HK$0.01 each. The proposed resolution in relation to the increase in authorised share capital was duly passed by the shareholders of the Company at the special general meeting held on 16 August 2010.

24. POST BALANCE SHEET EVENTS (Continued)

c) On 13 July 2010, the Company entered into a head of agreement with an independent third party, followed by the formal Acquisition Agreement on 16 July 2010, in relation to an interest in the joint exploration, development and production of a coalbed methane field in the PRC through the acquisition of shares at the consideration of HK$2.34 billion. The acquisition constituted a major transaction under the Listing Rules and detailed of the transactions were disclosed in the Company's announcement dated 20 July 2010.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 30 June 2010, Sino Oil and Gas Holdings Limited (the "Company") and its subsidiaries (collectively known as the "Group") recorded a slight increase of turnover to HK$9.8 million (2009: HK$9.5 million) and a loss from operations of HK$33.1 million (2009: Profit of HK$0.3 million).

Nevertheless, the board of the Company (the "Board") is delighted to announce a series of exciting events which took place in the first half of 2010. These events have not only brought positive momentum to the ongoing development, but also helped to shape the Group's long-term future.

In June 2010, the Company successfully completed the placing of a total of 1,624 million shares and 600 million warrants, the net proceeds of which amount to approximately HK$343 million. The exercise has not only strengthened the cash flow position of the Group, but will also enable the Company to take advantage of new attractive oil and gas investment opportunities that may arise.

In July 2010, the Company entered into an acquisition agreement for a 70% interest in respect of a joint development and production project of coalbed methane ("CBM"). The CBM fields, located in the Sanjiao Block in Shanxi and Shaanxi Provinces in the PRC, are verified to have oil and gas in place exceeding 1,300 billion cubic feet. This investment will form a strong addition to, and complements our existing portfolio of oil blocks in the PRC and the United States.

Further in the same month, the Company entered into a legally non-binding memorandum of understanding for the acquisition of a 90% interest in a production sharing contract in a producing oil field located in Jinzhuang District, Ganquan County in Shaanxi Province in the PRC. As indicated in a preliminary geological report, the gross reserves in Jinzhuang Oilfield would not be less than 25 million tonnes. Subject to the satisfactory result of further technical due diligence, the Company will enter into a formal sales and purchase agreement in respect of this project.

Oil Exploitation

China

Both of our oil blocks in the PRC, namely Liuluoyu and Yanjiawan, are located in Erdos Basin, Shaanxi Province. These are producing oil fields with about 155 wells yielding a stable production of approximately 4,300 barrels per month. In addition to the existing oil wells, our technical team is working on gas exploration on the blocks. In view of the geological formation of the blocks and successful gas production in adjacent fields in Erdos Basin, we are cautiously optimistic of the potential of discovering sizable gas reserves in the same area.

The United States

The Group is currently operating two oil blocks in the United States, namely, Grassy Trails and Squaw Canyon.

Grassy Trails oil field is located in Utah, with gross reserves of crude oil of about 1.8 million barrels. During the period, certain large scale re-work and environment protection projects were ongoing on various wells, causing a temporarily suspension of production during the period. Production is expected to be resumed in the fourth quarter of this year.

The Group holds the Squaw Canyon oil field through a joint venture company. This oil field is located in the Four Corners area of Colorado, New Mexico, Utah and Arizona, with gross reserves of crude oil of approximately 700,000 barrels. During the period, the oil field was operated efficiently and generated a steady income stream for the Group.

FINANCIAL REVIEW

Result for the Period

HK$'000	Six months ended 30 June 2010	Six months ended 30 June 2009
Turnover - Oil exploitation	9,779	9,552
(Loss) / Profit for the period	(33,122)	277

For the six months ended 30 June 2010, the performance of Group was far from satisfactory. Without taking into account of the equity settled share-based payment expenses of HK$19.2 million, a loss of HK$13.9 million was incurred. Oil production activities during the first half of 2010 have been slow. However, with a much strengthened cash position, we believe there will be plenty of room for improvement in the development and production in the Group's existing oil fields, in particular those in China.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2010, the net assets of the Group were HK$539 million (31 December 2009: HK$148 million) while its total assets were HK$603 million (31 December 2009: HK$246 million). As at 30 June 2010 and 31 December 2009, the Group's gross borrowings (excluding borrowing from a shareholder) net of cash and bank balances was nil and the gearing ratio based on total assets was 0% accordingly. The current ratio as at the balance sheet date was 7.2 (31 December 2009: 0.8). In terms of the gearing ratio and current ratio, the financial position of the Group as at 30 June 2010 has been significantly strengthened comparing with that of the last period. In April and June 2010, the Company successfully placed a total of 1,624 million shares and 600 million warrants, the net proceeds of which amounts to approximately HK$343 million. The proceeds are used as general working capital, for possible oil and gas investment opportunities and further development of existing oil and exploitation projects in China. The Group's business is capital intensive and capital investment requirements are subject to changes in operations, market and regulatory environments. However, with strong financial resources, the Board is confident that the Group will be able to take advantage of new attractive oil and gas investment opportunities that may arise.

Foreign Exchange Fluctuation

The Group is exposed to currency risk primarily through sales and purchase transactions and recognized assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. At 30 June 2010, no related hedges were made by the Group. In respect of trade and other receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

OUTLOOK

The Group was renamed “Sino Oil and Gas” in July 2010, signifying our strategic focus on the development of oil and gas businesses in China. Since 2007, the Group has acquired four oil and gas assets in the United States and China, thereby accumulating a degree of industry experience. During this period, the Group has continued to strengthen its management and expert teams, and has actively invited the participation of operators and investors with a strong energy industry background. The Group aims to become one of the leading non-state-owned enterprises listed in Hong Kong with its focus on oil and gas businesses in China.

The Group is actively pursuing business opportunities in respect of CBM exploration in the Erdos Basin between Shanxi and Shaanxi Provinces in China, as a means to mitigate the fluctuations in the price of oil and to expand the Group’s revenue base. On 16 July 2010, the Group entered into a sales and purchase agreement pursuant to which the Group will participate in CBM exploration, exploitation and production in the Erdos Basin through the acquisition of Orion Energy International Inc. (“Orion”). In the past, CBM resources have not been utilized during exploitation owing to technical and budgetary limitations. The uncontrolled release of CBM can easily cause explosions and is damaging to the ozone layer. The exploitation of CBM will help fulfill China’s requirement for clean energy, while addressing the safety and environmental issues in relation to coalmine exploitation. The central and local governments have introduced incentive policies to encourage the development of CBM extraction. Such policies include subsidies on CBM produced. Orion possesses advanced CBM production technologies and experience. Through a production sharing contract between Orion and the Chinese partner, PetroChina Company Limited, it enjoys exclusive exploitation rights with a term of 30 years to a CBM field in the resource-rich Sanjiao Block, which covers a total of 461.74 square kilometers in the Erdos Basin. It has a 70% interest in the economic benefits of the sharing contract. Total CBM reserves in the Sanjiao Block are estimated by an international oil and gas consultancy to exceed 1.3 trillion cubic feet. The acquisition of Orion is expected to bring significant and stable income for the Group upon its scheduled completion by the second half of this year.

The Group continues to expand its oil and gas businesses in the Erdos Basin to complement the CBM project. On 26 July 2010, the Group signed a memorandum of understanding for the acquisition of a 90% economic interest in a production sharing contract for an oil field in Jinzhuang District, Ganquan County, Shaanxi Province. The consideration of the acquisition would not exceed HK$500 million and the agreement has a period of exclusivity of six months. Jinzhuang Oilfield is close to the Liuluoyu Oilfield (also located in the Erdos Basin) which the Group acquired early last year. According to a preliminary valuation, the project is estimated to have gross reserves of more than 25 million tonnes. Furthermore, the zone is found to be surrounded by tight gas reservoirs. The acquisition will aid our plan to integrate our oil and gas businesses in the area in order to achieve an operational scale with greater efficiency and synergistic benefits.

Looking to the future, the Group will continue to identify high-quality oil and gas acquisition targets in the Erdos Basin, with a view to further enhancing shareholders’ investment value. The Board is confident of the Group’s future developments, and expects to attain a more efficient operational scale as the various acquisitions are completed. The commencements of the new projects will support the Group's long-term profitability.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the Group employed approximately 80 employees. The remuneration policy of the Group is based on the prevailing remuneration level in the market and the performance of respective companies and individual employees.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements of the Company.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2010 except for Code Provisions A.2.1 and A.4.1. Code Provision A.4.1 requires that non- executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors (including independent non-executive Directors) of the Company is appointed for a specific term. However, as all of them are subject to the retirement provisions of the Bye-laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. The deviation from Code Provision A.2.1 is detailed in the section headed "Chairman and Chief Executive Officer" of the Corporate Governance Report set out in the 2009 Annual Report of the Company.

By order of the Board
Sino Oil and Gas Holdings Limited
Kong Siu Tim
Chairman

Hong Kong, 23 August 2010

As at the date of this announcement, the Board comprises Mr. Kong Siu Tim, Mr. Dai Xiaobing, Mr. Wang Ziming and Mr. Wan Tze Fan Terence as executive directors; Mr. Ni Zhenwei as non-executive director; and Dr. Di Lingjun, Dr. Wong Lung Tak Patrick and Mr. Wong Kwok Chuen Peter as independent non-executive directors.