

7 July 2016

REVISED SECURITIES TRADING POLICY

In accordance with ASX Listing Rule 12.10, Sino Gas & Energy Holdings Limited (ASX: SEH, "**Sino Gas**", the "**Company**") advises that it has amended its Securities Trading Policy with immediate effect.

A copy of the revised Securities Trading Policy and Procedures is attached.

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") through a strategic partnership completed with MIE Holdings Corporation ("MIE" SEHK: 1555) in July 2012. SGE has been established in Beijing since 2006 and is the operator of the Linxing and Sanjiaobei Production Sharing Contracts (PSCs) 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.

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.

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.

SINO GAS & ENERGY HOLDINGS LIMITED

SECURITIES TRADING POLICY

Sino Gas & Energy Holdings Limited (the **Company**, **Sino Gas** or **SGEH**) recognises the importance of integrity and fair dealing in Company securities.

The purpose of this Policy is to ensure directors, employees and other relevant persons do not abuse access to inside information about the Company or any other company. Ultimately, however, it is the responsibility of the person to ensure that none of his or her dealings could constitute insider trading.

In order to prevent any misunderstanding, the creation of any suspicion or potential loss of confidence regarding dealings in Company securities, the Company is committed to:

- a) ensuring that all Employees and Designated Contractors are aware of the legal restrictions on Dealing in the Company's securities;
- b) preventing Insider Trading occurring by its Employees and Designated Contractors;
- c) establishing mandatory requirements above that of the strict requirements of applicable law.

To achieve these commitments, the Company will prepare, maintain and enforce this Securities Trading Policy and Securities Trading Procedures which will;

- a) prohibit the conduct of dealing in Company securities or any other company's securities when in possession of Inside information;
- b) prohibit the communication of Inside information to another person;
- c) specify periods where no dealings of the Company's securities are permitted;
- d) discourage short-term trading;
- e) provide strict requirements for dealings involving hedging or margin lending arrangements;
- f) provide specific requirements applicable to senior Designated Personnel and directors; and
- g) ensure that all Employees and Designated Contractors are made aware of the specific requirements of this Policy and the related procedure.

Compliance with this policy and its related Securities Trading Procedure is a condition of employment. Breaches by Employees or Designated Contractors will result in disciplinary action, including dismissal if warranted in addition to potential civil or criminal liability.

These requirements imposed by this policy and related procedures are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

Every Employee and Designated Contractor working for the Company has a responsibility to promote a culture whereby their actions and those of their colleagues are consistent with this Policy.

SINO GAS & ENERGY HOLDINGS LIMITED

SECURITIES TRADING PROCEDURE

1. BACKGROUND

This Procedure deals primarily with the sale and purchase of securities in Sino Gas & Energy Holdings Limited (the **Company, Sino Gas** or **SGEH**) by its or its subsidiaries, joint venture companies and associates, Directors, officers and employees together with consultants and contractors as identified by the Company (**Employees & Designated Contractors**).

This procedure serves to assist Employees and Designated Contractors to avoid conduct known as "insider trading" and to ensure that when Employees & Designated Contractors deal in securities, those dealings are not only fair, but are seen to be fair. Ultimately, however, it is the responsibility of the person to ensure that none of his or her dealings could constitute insider trading.

This Procedure applies to Employees and Designated Contractors and their Connected Parties.

These procedures apply to securities of the Company including shares, options, rights to subscribe for shares in the Company, or debentures of the Company, derivatives and any other financial products that can be traded on a financial market including financial products issued over Sino Gas' securities by third parties, or products which operate to limit economic risk in securities holdings in the Company (**Securities**).

The requirements imposed by this procedure are in addition to any legal requirement.

Any person who has queries concerning the application of this procedure should approach the Company Secretary.

2. INSIDER TRADING PROVISIONS IN THE CORPORATIONS ACT

2.1 Summary of insider trading provisions

The law prohibits and imposes severe penalties on insider trading, in particular the *Corporations Act* (2001) (Commonwealth) ("**Corporations Act**").

"**Insider Trading**" occurs when a person who is in possession of any unpublished price-sensitive information:

- deals in the Company's or any other company's securities;
- advises or procures another person to deal in the Company's securities; or
- passes on inside information to someone else, knowing that the other person may use that information to deal in, or procure someone else to deal in, the Company's securities.

"**Price-sensitive information**" is any information which is not generally available; and, if the information was generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities, or be likely to influence a person in deciding whether to buy or sell the Company's securities.

Examples of price sensitive information may include (but are not limited to) information about:

- earnings or dividends before they are announced;
- an imminent share issue or other capital raising;
- an important new contract, new development or new venture;
- the results of exploratory work or testing;
- the results of operations or production;
- the likelihood of approvals being granted;
- a proposed acquisition, merger or takeover;
- a proposed disposal, rationalisation or restructuring;
- major financial difficulties or losses; and
- possible de-listing, closure, receivership or liquidation.

"Dealing" includes applying for, acquiring or disposing of securities or entering into an agreement to apply for, acquire or dispose of securities. Practically, this will include any agreement to or actually buying, selling or otherwise transferring securities.

Insider Trading is a criminal offence attracting fines and possible imprisonment. Any person in possession of price sensitive information must not trade in securities of that company. It is a personal responsibility of each individual to comply with the laws governing Insider Trading.

2.2 Other companies

In the course of their duties, employees and contractors may obtain unpublished price sensitive information about other companies, including but not limited to any current or future subsidiaries, joint ventures or associates of the Company. The prohibition on insider trading extends to dealing in the securities of any company. Accordingly, if an Employee or Designated Contractor possesses inside information concerning the securities of another company, the Employee or Designated Contractor **must not** deal in those securities.

2.3 Dealings through third parties

A person may be guilty of insider trading in relation to securities notwithstanding that the person did not themselves conduct the dealing. The insider trading prohibition extends to:

- Dealings by or on behalf of employees or contractors through nominees, agents or other associates, such as family members, family trusts, other companies and personal superannuation funds; and
- Employees or contractors procuring third parties to deal in the Company's securities, including inducing or encouraging those third parties to deal.

3. RESTRICTIONS ON DEALING IN THE COMPANY'S SECURITIES

3.1 General restrictions when in possession of inside information

Any Employee & Designated Contractor of the Company who is aware of any unpublished price-sensitive information **must not** at any time, either on their own or another person's or entity's behalf:

- deal in the Company's securities;
- advise or procure another person to deal in the Company's securities; or
- pass on inside information to someone else (refer to confidentiality provisions of the Company's code of conduct).

Any Employee or Designated Contractor of the Company who is aware of any unpublished price-sensitive **must** also take all reasonable steps to prevent their **"Connected Persons"** (spouse/de facto spouse, partner, child where such a child is under the age of eighteen, or trust or other entity controlled by them or an investment adviser on behalf of them intends dealing in SGEH securities) dealing in the Company's securities.

3.2 Specific Prohibited and Closed Periods

In addition to the general restrictions in section 3.1 above, Employees and Designated Contractors **must not** deal in the Company's securities during the following designated **"closed periods"**:

- four weeks prior to the release of the Company's financial results for the financial year ended 31 December until the beginning of the next trading day after the announcement of such results to the ASX; and
- four weeks prior to the release of the Company's financial results for the half year ended 30 June until the beginning of the next trading day after the announcement of such results to the ASX.

The Board has the discretion to impose other periods when Employees and Designated Contractors are prohibited from trading, for example during periods when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A (**Prohibited Periods**). Employees and Designated Contractors will be notified of these periods by the Chairman, Managing Director or Company Secretary.

3.3 Additional trading restrictions for Directors and Designated Personnel

Further to the trading restriction outlined above, additional restrictions on dealing in the Company's securities apply to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

This includes Directors and any of their associates, all executives reporting directly to the Managing Director, Chief Executive Officer or Chief Financial Officer and any other employee(s) or contractor(s) of the Company considered appropriate by the Managing Director, Chief Executive Officer, Chief Financial Officer or Company Secretary from time to time ("**Designated Personnel**").

Designated Personnel **must** obtain the Chairman's consent before dealing with the Company's securities.

Designated Personnel **must** also take all reasonable steps to prevent the trading by their Connected Persons unless prior written approval is obtained.

3.4 Procedure for consent

The procedure for obtaining consent is as follows:

- a written request (which may be by email) for approval of the proposed dealing, including a declaration that the applicant is not in possession of inside information, is to be sent to the Chairman or the Company Secretary (**Application**); and
- the Chairman will respond (or authorise the Company Secretary to respond) to the Application in writing (which may be by email), and in the event of approval, may place conditions on the approval when deemed appropriate. The Chairman may, at his or her discretion and without limitation, refuse to grant consent to the dealing or refer such a request to the Board. Any such approval will be valid for 5 business days from the date it is given (or a shorter period if determined by the Chairman) (**Approval**).

In the case of the Chairman intending to trade in the Company's securities, the Chairman **must** notify and obtain Approval from the Chairman of the Audit & Risk Committee before trading or giving instructions for trading.

All Designated Personnel must advise the Chairman and Company Secretary of their or their associate's participation in any trading of the Company's securities in writing (which may be by email) including the requisite information within 2 business days after the dealing

Designated Personnel should note that, notwithstanding that consent may have been granted, it is the Designated Personnel's obligation to ensure that they do not breach the general obligation not to deal in the Company's securities when in possession of unpublished price sensitive information.

3.5 Exceptional Circumstances

In exceptional circumstances, prior written clearance (which may be by email) may be given by the Chairman for Employees & Designated Contractors to sell (but not to purchase) securities when they would otherwise be prohibited from doing so.

"**Exceptional circumstances**" may include genuine hardship, severe financial hardship, and court orders or some other overriding legal or regulatory requirement, as determined at the Chairman's discretion. In determining whether circumstances are exceptional the Chairman will give consideration to the purpose of the relevant ASX Listing Rules and will exercise their discretion with caution.

The person seeking clearance to trade must make an Application, to the satisfaction of the Chairman, that their circumstances are exceptional and that the proposed sale of relevant securities is the only reasonable course of action available. If the Application is granted, the dealing may only occur in accordance with the Approval, including within any time limitations.

3.6 Excluded trading

The purpose of the securities trading policy and this procedure does not apply to all dealings with the Company's securities and as such there are some dealings which may be exempt from the requirements of this procedure. The following dealings are specifically excluded from the application of this procedure:

- undertakings to accept, or the acceptance of, a takeover offer;
- where the beneficial interest in the relevant Company's security does not change;
- dealings in the Company's securities already held by an Employee or Designated Contractor in a superannuation fund in which that Employee or Designated Contractor is a beneficiary and where any decision to trade during a Prohibited or Closed Period is taken by the trustees of the fund or by the investment managers independently of the Employee or Designated Contractor;

- where a person is a joint trustee, trading in the securities of the Company by that trust provided the person is not a beneficiary of the trust and any decision to trade is taken by the other trustees or by the investment managers independently of that person;
- an investment by a person in, or trading in securities or units of, a fund or other scheme or arrangement where the assets of the fund or scheme (other than a scheme investing only in SGEH securities) or arrangement are invested at the discretion of a third party;
- trading under an offer or invitation made to all or most of SGEH's members such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
- decisions relating to whether or not to take up the entitlements under a renounceable pro rata issue; the issue or grant by the Company of securities (including an option or a right to a security or a deferred share) where shareholder approval for the issue of the securities has been obtained and/or the securities are issued or granted in accordance with the terms of an individual employment agreement;
- the acquisition of a security (including an option or a right to a security or a deferred share) pursuant to an employee/officer share or performance rights (or similar) plan under the terms of that plan and the relevant offer document or pursuant to the terms of a business acquisition or individual employment agreement;
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a period in which a person could not deal in the securities and the person could not reasonably have been expected to exercise it at a time when free to do so;
- trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with the procedures set out herein and in accordance with the securities trading policy and where the person did not enter into the plan or amend the plan during the period in which they could not trade; the trading plan does not permit the person to exercise and influence or discretion over how, when, or whether to trade; and
- an unforeseen circumstance or dealing that is considered by, and declared in writing by, the Chairman to be consistent with the objectives of this procedure such that it should be excluded.

4. SHORT TERM OR SPECULATIVE DEALING IN SECURITIES

Employees & Designated Contractors **must not** engage in short-term trading or speculative dealing in securities and no dealing in unvested securities or securities subject to a trading lock is permitted. Short-term trading is a purchase and sale of the same securities within a three (3) month period.

This prohibition on short term trading may be excepted by the Chairman or, in the case of the Chairman, the Chairman of the Audit & Risk Committee, in some very limited circumstances for example, involving employee incentive schemes, if exceptional circumstances exist and approval is given as provided in section 3.5, above.

5. LOANS AND DERIVATIVES

Employees & Designated Contractors should exercise care if borrowing monies to purchase securities or offering securities held by them as collateral. In particular, Employees and Designated Contractors, including Designated Personnel, **must ensure** that when entering into arrangements or arranging finance either for themselves or through their associated parties, such as margin loans or arrangements involving the Company's securities as collateral to secure repayment of a loan, where the lender is granted a right to sell or compel the sale of the securities, such obligations do not conflict with their obligations under this procedure. Secured Lending is also subject to the approval requirements in section 3.3.

Further, the use by employees or contractors of derivatives such as caps, collars, warrants or similar products in relation to the Company's securities could undermine the objectives of the securities trading policy and this procedure, or distort the operation of performance hurdles applicable to vesting of securities granted to staff as part of their remuneration, or result in public disclosure regarding holdings of securities being misleading.

Accordingly, derivatives and other products **must not** be used or entered into in relation to any of the Company's securities held by or on behalf of Employees & Designated Contractors, regardless of how or when those securities were acquired and whether those securities are vested or unvested.

This restriction extends to the following types of dealings by or on behalf of staff:

- sale or purchase of financial products or similar securities issued or created over the Company's securities by third parties; and
- entry into transactions in associated products which operate to limit the economic risk of their security or interest holdings in the Company.

6. COMPLIANCE WITH THIS POLICY AND PROCEDURE

It is the personal responsibility of each individual to comply with the Company's Securities Trading Policy and Procedures. Any Employee or Designated Contractor may be asked to confirm their compliance with this procedure or provide confirmation of their dealings in the Company's securities. Any request must be responded to promptly.

Any breaches of the securities trading policy and procedures will be severely dealt with and may lead to summary termination.