

ASX ANNOUNCEMENT

25 February 2011

SINO GAS - UPDATED SHARE TRADING POLICY

In accordance with ASX Listing Rule 12.10, Sino Gas & Energy Holdings Limited (Sino Gas; ASX SEH) wishes to attach its updated Share Trading Policy.

The Company resolved to amend its policy on 22 February 2011 to clarify circumstances of excluded trading covered by this policy. This change was brought about to rectify a possible difficulty in the issue and exercise of performance rights to Directors and Senior Management pursuant to its shareholder approved performance rights scheme.

-ENDS-

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About Sino Gas & Energy Holdings Limited

Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian company focused on developing Chinese gas assets. The Company has operated in Beijing since 2005 and holds a portfolio of unconventional gas assets in China through Production Sharing Contracts (PSC's).

The PSC's are located in Shanxi province in the Ordos Basin and cover an area of over 3,700km². The Ordos Basin is the second largest onshore oil and gas producing basin in China. The area 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's PSC's are located and natural gas is seen as a key component of clean energy supply in China.

On Sino Gas's Tuban prospect, 10 wells have been drilled, the latest being TB-09 in Q4, 2010. Extensive seismic and other subsurface studies have also been conducted. Multiple wells have been flow tested with commercial flow rates achieved on many of the wells, including significant commercial rates on the TB-07 well.

The statements of resources in this Release have been independently determined to Society of Petroleum Engineers (SPE) Petroleum Resource Management Systems (SPE PRMS) standards by internationally recognized oil and gas consultants RISC Pty Ltd.

Additional information on Sino Gas can be found at www.sinogasenergy.com

SINO GAS & ENERGY HOLDINGS LIMITED

SHARE TRADING POLICY

Summary

Sino Gas & Energy Holdings Limited's ("**Company**" or "**SGEH**") share trading policy regulates dealings by Directors, officers and employees in securities (including shares, options or rights) issued by the Company. In certain circumstances this policy also applies to contractors, consultants and external advisors.

The law prohibits and imposes severe penalties on insider trading, in particular the *Corporations Act* (2001) (Commonwealth) ("**Corporations Act**"), and the ASX Listing Rules require the disclosure of any trading in the Company's securities by its Directors or their related entities. ASX, ASIC and governance advisors also take an interest in whether or not companies are complying with their share trading policies.

In general, insider trading is buying or selling, or inducing others to buy or sell, in any company, including the Company's securities when in possession of confidential information concerning the Company's financial position, strategy or operations, which, if made public, would be likely to have a material impact on the price of the Company's securities.

This policy imposes basic trading restrictions on all employees of the Company who possess confidential or inside information. Additional trading restrictions are also imposed on:

- all Directors and any of their associates;
- all executives reporting directly to the Managing Director/Chief Executive Officer; and
- any other employees of the Company considered appropriate by the Managing Director/Chief Executive Officer and Company Secretary from time to time.

This trading policy encourages employees to be long-term holders of the Company's securities, and discourages short-term trading. Employees must not engage in short term trading of SGEH Shares.

Strict compliance with this policy is a condition of employment and the requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

This policy will be accessible on SGEH's website at all times and will also be subject to an ASX announcement within 5 days of any material change to this policy.

Any person who has queries concerning the application of this policy or their obligations in respect of share trading, insider trading and confidentiality requirements under relevant laws and regulations, should approach the Company Secretary.

(a) Insider Trading

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

- deals in the 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 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.

Employees at all levels of the Company may have access to price-sensitive information. For example, a personal assistant typing letters or documents containing price-sensitive information is in possession of the information as is the manager or director that signs the letter or document.

"**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.

(b) **Other companies**

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

(c) **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 through nominees, agents or other associates, such as family members, family trusts, other companies and personal superannuation funds; and
- Employees procuring third parties to deal in the Company's securities, including inducing or encouraging those third parties to deal.

Employees, including Key Management Personnel, **must** also take all reasonable steps to prevent the trading by their spouse, partner, child or other immediate family member, or trust or other entity controlled by them or an investment adviser on behalf of them intends dealing in SGEH securities, unless prior written approval is obtained.

(d) **Insider trading offences**

Severe criminal and civil penalties may be imposed if a person is found to have committed the offence of insider trading. Insider trading is a strict liability offence. A person will be held to have committed the offence regardless of the purpose or motive for the transaction, whether they made any money on the transaction or whether the transaction had any causal link with the price-sensitive information.

(e) **Confidential information**

Employees and directors also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or to gain an advantage for themselves or anyone else. This obligation may also extend to information obtained in regard to, or trading in the securities of, other companies including the Company's suppliers and customers.

(f) **General restrictions when in possession of inside information**

Any employee 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, knowing that the other person may use that information to deal in, or procure someone else to deal in, the Company's securities.

Strict compliance with this restriction is a condition of employment and any employee who breaches this restriction will be subject to disciplinary action which may include dismissal.

(g) **Additional trading restrictions for Directors and certain employees**

Further to the general 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, including Directors and any of their associates, all executives reporting directly to the Managing Director/Chief Executive Officer and any other employees of the Company considered appropriate by the Chief Executive Officer and Company Secretary from time to time ("**Key Management Personnel**").

These additional restrictions include:

- Key Management Personnel **must** obtain the Chairman's consent before dealing with the Company's securities; and
- Key Management Personnel **must not** deal in the Company's securities during designated closed periods. The closed periods generally apply to the period immediately preceding periodic and continuous disclosure.

(h) **General requirement for consent**

Prior to dealing with securities Key Management Personnel, and any of their associates, before trading, or giving instructions for trading in the Company's securities, **must** notify and obtain clearance from the Chairman. In doing so, the Chairman must determine whether a proposal to trade at that particular time, is appropriate.

Any Key Management Personnel making such a request to the Chairman must confirm to the Chairman that he or she does not hold any inside information and must comply with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

In particular, the procedure for obtaining the Chairman's consent is as follows:

- a written or emailed request for approval of the proposed dealing, including a declaration that the applicant is not in possession of inside information in relation to the proposed dealing, is to be sent by the Key Management Personnel to the Company Secretary who will forward the request to the Chairman of the Board for approval ("**Application**") for inclusion on the agenda of the next meeting of Directors; and
- the Chairman will respond to the Application, normally, within 24 hours of the meeting of Directors at which it is raised, when a written or emailed approval will be returned to the Key Management Personnel. Any such approval will be valid for 7 days from the date it is

given, meaning the relevant dealing can only occur during that period (subject to the other requirements of this policy) ("**Approval**").

The Chairman may, at his or her discretion and without limitation, refuse to grant consent to the dealing during periods when the Board is in possession of unpublished price-sensitive information, periods in which the Company is considering its position under ASX Listing Rule 3.1 and any time it may be reasonably probable that notification of price-sensitive information is required pursuant to the ASX Listing Rules (or is being withheld under the applicable carve-outs to ASX Listing Rule 3.1)..

In the case of the Chairman intending to trade in the Company's securities, the Chairman must notify and obtain clearance from the Board before trading or giving instructions for trading.

If Approval is granted and the dealing occurs, all Key Management Personnel must advise the Company Secretary of their or their associate's participation in any trading of the Company's securities within five business days of the date of any such dealings, including details of the applicant's percentage shareholding in the Company.

Where applicable the Company Secretary will ensure the Board and ASX are informed of the dealing by circulating an Appendix 3X or 3Y or a copy of the Approval. Notwithstanding that the Company Secretary is to be informed of all information concerning Key Management Personnel's shareholding, the ultimate responsibility for ensuring that the required forms and notifications, including the obtaining of any substantial shareholding or change in any substantial shareholding, are lodged with ASIC and ASX, remains with the relevant Key Management Personnel.

Key Management Personnel should note that, notwithstanding that the dealing is to occur in a period that is not a closed period and the Chairman has granted consent, it is the Key Management 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.

(i) **Closed Periods**

Key Management Personnel **must not** deal in the Company's securities during the following designated "**closed periods**":

- from the end of SGEH's financial year until one trading day after the announcement of SGEH's full year results to the ASX; and
- from the end of SGEH's half year until one trading day after the announcement of SGEH's half year results to the ASX.

(j) **Exceptional Circumstances**

In exceptional circumstances, prior written clearance may be given by the Chairman for employees, including Key Management Personnel, 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. A tax liability would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. 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 written 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.

(k) **Excluded trading**

The purpose of this policy 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 policy. The following dealings are specifically excluded from the application of this policy:

- undertakings to accept, or the acceptance of, a takeover offer;
- where the beneficial interest in the relevant Company's security does not change;
- transactions conducted between a person and their spouse, civil partner, child or step-child;
- where a person is a 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 a scheme or arrangement where the assets of the scheme (other than a scheme investing only in SGEH securities) or arrangement are invested at the discretion of a third party;
- bona fide gifts to a person by 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) 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) 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 procedures set out in the 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 Policy such that it should be excluded.

Any employee possessing undisclosed price sensitive information or any Key Management Personnel seeking to rely on these exclusions so as to trade at a time when trading would not otherwise be authorised under this policy **must** immediately notify the Company Secretary of the dealing and the applicable exclusion.

(I) **Loans and derivatives**

Employees should exercise care if borrowing monies to purchase securities or offering securities held by them as collateral. In particular, employees, including Key Management Personnel, **must not** enter into arrangements, 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 at a time that this policy prohibits the employee dealing in the securities.

Further, the use by employees of derivatives such as caps, collars, warrants or similar products **must not** be used or entered into in relation to any Company securities held by employees, including Key Management Personnel.

Policy history

Established:	September 2009
Last review:	22 February 2011
Review frequency:	Annually