SINO Gas & Energy
An Emerging Clean Energy Company in China

Sino Gas & Energy Holdings Limited
ACN 124 242 422
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ACN 115 316 599

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ASX ANNOUNCEMENT
31 January 2012

SINO GAS CONTINUES TO STRENGTHEN ITS LEADERSHIP TEAM

Sino Gas & Energy Holdings Limited (Sino Gas; ASX: SEH) is pleased to announce that Mr Colin Heseltine has been appointed to the Board as a Non-Executive Director.

Colin had a forty year career with the Australian Department of Foreign Affairs and Trade (1969-2008), which included many postings in the Asian region and senior policy advisory positions in Australia.

In commenting on Colin's appointment, Sino Gas's Executive Chairman, Gavin Harper said "As the Company continues to strengthen its leadership team, we are very pleased that a person of Colin's considerable experience has agreed to join the board.

Colin was appointed China Strategic Consultant to the Company on 22 July 2011 and both the board and China based management team have benefited from his extensive knowledge of doing business in the Asian region. Colin's expertise will be invaluable as the Company moves towards development of its Chinese gas assets".

Colin responded that he was, "delighted to be involved with Sino Gas in such a significant Australian energy project in China at a time when the country was embarking on a massive conversion to cleaner energy forms, in particular domestically-produced gas, which will benefit not just China but the entire region".

In 2006 Colin was appointed by the Australian Government to head the Asia Pacific Economic Cooperation (APEC) Secretariat in Singapore during Australia's host APEC year in 2007.

He served as Australian ambassador to the Republic of Korea from 2001-2005, deputy head of mission in the Australian Embassy in Beijing from 1982-85 and 1988-1992, and director of the Australian Commerce and Industry Office in Taiwan from 1992-1997. He has also had diplomatic appointments in Chile (1970-1973) and Spain (1975-78).

From 1998-2001 he was First Assistant Secretary, North Asia Division, Department of Foreign Affairs in Canberra.

Since leaving the Australian Government in July 2008, he has provided consultancy services to business organizations. He is a senior associate with the Nautilus Institute, a public policy think-tank which focuses on energy and sustainability issues in the Korean peninsula, and is vice chairman of the Australia Korea Business Council. He is also Adjunct Professor of the RMIT University (Melbourne).

Colin has a Bachelor of Economics with honours from Monash University.

The requisite Appendix 3X is attached to this announcement.

ENDS

For more information, please contact:

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About Sino Gas & Energy Holdings Limited
Sino Gas & Energy Holdings Limited (ASX: SEH) is an Australian energy company focused on developing Chinese unconventional 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 3,000km^2. 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 projects, 15 wells have been drilled, the latest being TB10 during December 2011. 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 its TB07, TB08, TB09 and TB04 wells. The gas flow rates in this release are estimated at 200 psi Flowing Tubing Head Pressure (THP) unless otherwise noted. 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 and NSAI. All resource figures quoted are mid case - 100% unless otherwise noted.

Certain statements included in this announcement may constitute forward-looking statements. Any forward-looking statements are based on current assumptions and forecasts and are not guarantees or predictions of future performance. Such statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, Sino Gas, its directors, officers and agents do not give any assurance or guarantee that the occurrence of the events referred to in this document will occur as contemplated.

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

Rule 3.19A.1

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	**Sino Gas & Energy Holdings Limited**
ABN	**16 124 242 422**

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Colin Heseltine
Date of appointment	30 January 2012

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Number & class of securities
Nil

+ See chapter 19 for defined terms.

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Name of holder & nature of interest Note: Provide details of the circumstances giving rise to the relevant interest.	**Number & class of Securities** Nil

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Offer letter dated 17 October 2011 from Sino Gas & Energy Holdings Limited to Colin Heseltine in connection with the grant of performance rights under the Sino Gas & Energy Holdings Limited Executive, Officer and Employee Performance Rights Plan, as accepted by Mr Heseltine. Performance Rights Certificate issued on 17 November 2011 ("Performance Rights").
Nature of interest	Each Performance Right is a personal contractual right to be issued with or transferred a single share in the Company. A Performance Right may be exercised (if it has not otherwise lapsed) in accordance with the Executive, Officer and Employee Performance Rights Plan on the satisfaction of prescribed performance criteria within the performance period. Subject to the restrictions stipulated below, the Performance Criteria are: Performance Hurdle 1: Approval of a Reserves Report by the relevant Chinese authorities. 500,000 Performance Rights will be exercisable when a Reserves Report is approved by the relevant Chinese authorities in connection with Sino's interests in the PSC. If Sino decides not to proceed to a Pilot Development Program then those Performance Rights exercisable under Performance Hurdle 1 will be exercisable upon satisfaction of Performance Hurdle 2.

Nature of interest (continued)	Performance Hurdle 2: Approval of Overall Development Plan by the relevant Chinese Authorities. 500,000 Performance Rights will be exercisable on approval by the relevant Chinese authorities of an ODP to enable Sino to proceed to development on the PSC, with such ODP to include a minimum 100 billion cubic feet of gas and a minimum 12% internal rate of return (such minimum thresholds being calculated nu the Board of Directors of Sino based on reports suitably qualified by experts). If Sino does not proceed to the approval of a Reserves Report, Performance Rights exercisable under Performance Hurdle 1 will be exercisable upon satisfaction of Performance Hurdle 2. The Performance Period is 5 years from the date of grant of the Performance Rights, save that the Performance Period may be extended to a date not to exceed the Expiry Date. The following restrictions will attach to the exercise of the Performance Rights: (i) 500,000 Performance Rights may be exercised at any time within the period beginning one year after the date on which the Performance Criteria for Performance Hurdle 1 is satisfied and ending on the Expiry Date: (ii) The remaining 500,000 Performance Rights may be exercised at any time within the period beginning one year after the date on which the Performance Criteria for Performance Hurdle 2 is satisfied and end on the Expiry Date. The Expiry Date is 5 years from the date of the grant of the Performance Rights.
Name of registered holder (if issued securities)	N/A
No. and class of securities to which interest relates	1,000,000 Performance Rights

+ See chapter 19 for defined terms.