



Sino Gas & Energy Holdings Limited

ACN 124 242 422

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at:

Time: 2.00 pm (Perth time)

Date: Friday, 30 May 2014

Place: Celtic Club
48 Ord Street
WEST PERTH WA 6005

This is an important document and should be read in its entirety. Please read it carefully.

A Proxy Form is enclosed within this Notice of Annual General Meeting and Explanatory Statement.

If you are unable to attend the Annual General Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions set out on that form. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor and/or other professional adviser without delay.



SINO GAS & ENERGY HOLDINGS LIMITED
ACN 124 242 422

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders of Sino Gas & Energy Holdings Limited will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 30 May 2014 commencing at 2.00pm (Perth time).

Agenda

Ordinary Business

Financial Statements

To receive and consider the financial report and the reports of the Directors and of the Auditors for the financial year ended 31 December 2013.

1. Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an Advisory Resolution:

"That, for all purposes, the Directors' and Executives' Remuneration Report, included within the Directors' Report, for the year ended 31 December 2013 be adopted".

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair (a Key Management Personnel) intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote for or against Resolution 1 or to abstain from voting.

2. Re-Election of Colin Heseltine as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"That Mr Colin Heseltine, who was appointed to the board of directors on 30 January 2012 and who will retire at the close of the meeting in accordance with Article 6.3(c) of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a director of the Company".

3. Approval of Variation to Terms of Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"That, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, approval is given to vary the terms of 10,000,000 Options exercisable at \$0.075 on or before 15 February 2017 held by Argonaut Securities (Asia) Limited on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting".

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a person who holds an Option the subject of the approval and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTICE OF MEETING

4. Election of Mr Philip Bainbridge as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an Ordinary Resolution:

"That Mr Philip Bainbridge, who was appointed as a Director on 14 April 2014 and who ceases to hold office in accordance with Article 6.3(j) of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director."

Other Business

To consider any other business that may be brought before the Meeting in accordance with the Company's Constitution.

Explanatory Statement

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

Snap Shot Time

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the Meeting, at which a "snap shot" of Shareholders will be taken for the purposes of determining Shareholders' entitlements to vote at the Meeting.

The Directors have determined that all Shares of the Company on the register as at 5.00 pm (Perth time), 28 May 2014 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a Proxy;
- (b) a Proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each Proxy is appointed to exercise, but where the proportion or number is not specified, each Proxy may exercise half of the votes.

The enclosed Proxy Form for the Meeting provides further details on appointing Proxies and lodging the Proxy Form. Proxies must be returned by 2.00 pm (Perth time) on 28 May 2014.

Corporate Representative

If a representative of a Shareholder corporation is to attend the Meeting, the attached "Corporate Representative Certificate" should be completed and produced prior to the meeting.

By Order of the Board of Directors
Sino Gas & Energy Holdings Limited



Harry Spindler
Company Secretary
Dated 17 April 2014

EXPLANATORY STATEMENT

Purpose of this Document

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the Resolutions in the accompanying Notice of Annual General Meeting.

2013 Financial Statements and Reports

The first item of the Notice of Annual General Meeting (**AGM**) deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 31 December 2013 together with the Directors' declaration and report (**Directors' Report**) in relation to that financial year and the auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

1. Resolution 1 – Remuneration Report

Included in the Directors' Report contained within the financial report for the year ended 31 December 2013 is a Remuneration Report that sets out the details of the remuneration of the Company's directors and executives (**Remuneration Report**). In addition, it describes the Board's remuneration policy.

The financial report for the Company for the year ended 31 December 2013 (**2013 Annual Report**) was lodged with ASX on 27 March 2014 and may be viewed on the Company's website www.sinogasenergy.com (under the "Investor" tab then the "Finance & Activity Reports" tab) or ASX's website www.asx.com.au under the code "SEH".

The Board submits the Remuneration Report to Shareholders for their consideration and adoption by way of a non-binding advisory resolution as required by the Corporations Act.

Please note that, if at least 25% of the votes cast are against adoption of the Remuneration Report at the Meeting, and then again at the 2015 AGM, the Company will be required to put a resolution to the 2015 AGM, to approve the calling of an extraordinary general meeting (**spill resolution**). If more than 50% of eligible votes cast are in favour of the spill resolution, the Company must convene an extraordinary general meeting (**spill meeting**) within 90 days of the 2015 AGM. All of the Directors who were in office when the 2014 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

Shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Meeting.

Voting

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote (by marking the applicable box in Step 2 of the proxy form) or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form.

EXPLANATORY STATEMENT

2. Resolution 2 – Re-election of Mr Colin Heseltine

In accordance with Article 6.3(c) of the Constitution, one-third of the Directors (rounded down) shall retire from office at every Annual General Meeting of the Company. Article 6.3(f) provides that such Directors are eligible for re-election at the meeting.

In accordance with Article 6.3(c) of the Constitution, Mr Colin Heseltine (a Director of the Company since 30 January 2012) will retire at the end of the Annual General Meeting and will seek re-election pursuant to Resolution 2 of the Notice. For the purposes of Resolution 2, details of the qualifications and experience of Mr Heseltine are contained in the 2013 Annual Report.

The Directors recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Approval of Variation to Terms of Options

3.1 Background

Pursuant to a letter agreement dated 24 January 2012 (as amended from time to time) (**Mandate**), the Company engaged Argonaut Securities (Asia) Limited (**Argonaut**) to act as the Company's financial and corporate adviser in relation to the Company's financing activities.

As part of the fee payable under the Mandate, the Company issued a number of Options to Argonaut on 15 February 2012. The Options issued to Argonaut included 10,000,000 Options (**Resolution 3 Options**) which were subject to a vesting condition of the Company completing sufficient financing to enable commercialisation of the Company's Chinese gas projects, which condition was to be satisfied by 24 January 2014.

As announced previously to ASX, the Company undertook a rescheduling of its 2013 work program in conjunction with MIE. That, together with changes in global conditions outside of both Argonaut's and the Company's control, has meant that the timing of the Company's finance requirements has changed from the date the Mandate was entered into.

Accordingly, the Board considers it is appropriate to change the date for satisfaction of the vesting condition in respect of the Resolution 3 Options from "by 24 January 2014" to "by 24 July 2014" and the Company has agreed with Argonaut, subject to obtaining shareholder approval, to make this change. If shareholder approval is not obtained, the Company will be required (under its agreement with Argonaut) to negotiate in good faith a suitable fee payable in connection with the financing services the subject of the vesting condition. The Directors consider that an amendment to the vesting condition, as proposed by Resolution 3, is in the best interests of the Company and its preservation of cash reserves. If Resolution 3 is approved and the Resolution 3 Options are subsequently exercised, the Company will receive funds of \$750,000.

3.2 Listing Rules

Pursuant to Listing Rule 6.23.4, a change to the terms of options which is not prohibited under Listing Rule 6.23.3 can only be made with shareholder approval.

3.3 Proposal

In accordance with Listing Rule 6.23.4, the Company seeks shareholder approval to amend, with effect on and from 23 January 2014, the terms of the Resolution 3 Options such that their vesting condition must be satisfied by 24 July 2014 or else the Resolution 3 Options will lapse.

The terms of the Resolution 3 Options are otherwise unchanged and are set out more fully in the notice of meeting for the annual general meeting of the Company held on 30 May 2012.

Please refer to Resolution 3 of the Notice of Meeting for details of the Voting Exclusion which applies to this Resolution.

The Directors recommend that Shareholders vote in favour of Resolution 3.

4. Resolution 4 – Election of Mr Philip Bainbridge as a Director

Article 6.2(a) of the Company's Constitution allows the Directors to, at any time, appoint a person to be a Director to fill a casual vacancy or in addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number of Directors specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for election.

EXPLANATORY STATEMENT

In accordance with Article 6.3(j) of the Company's Constitution, Mr Philip Bainbridge, being a Director appointed since the Company's last annual general meeting, retires at the Meeting, and being eligible, offers himself for election as a Director.

For the purposes of Resolution 4 details of the qualifications and experience of Mr Philip Bainbridge are detailed in the ASX Announcement dated 14 April 2014.

The Directors recommend that Shareholders vote in favour of Resolution 4.

5. Glossary

In this Explanatory Statement, the following terms have the following meanings unless the context otherwise requires:

2015 AGM means the annual general meeting of the Company held in or around May 2015.

2013 Annual Report means the financial report for the Company for the year ended 31 December 2013 lodged with ASX on 27 March 2014.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the board of Directors of the Company.

Company means Sino Gas & Energy Holdings Limited ACN 124 242 422.

Constitution means the Constitution of the Company.

Corporations Act means *Corporations Act* 2001 (Cth).

Director means a Director of the Company.

Directors' Report means the Directors' declaration and report included in the 2013 Annual Report.

Explanatory Statement means this explanatory statement accompanying the Notice of Meeting.

Key Management Personnel means the key management personnel of the Company being the Directors of the Company and those other persons having authority for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report the subject of Resolution 1 identifies the Company's key management personnel for the financial year ended 31 December 2013.

Meeting, AGM or Annual General Meeting means the Annual General Meeting of the Company to be held at 2.00pm (Perth time) on 30 May 2014.

Notice or Notice of Meeting means the notice of meeting accompanying this Explanatory Statement.

Option means an option to subscribe for a Share.

Perth time means the time in Perth, Western Australia.

Restricted Voter means Directors, Key Management Personnel and their related entities.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day has the meaning given in the listing rules of the ASX.

\$ means Australian dollars.



By mail:

Sino Gas & Energy Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



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SHAREHOLDER PROXY FORM

I/We being a member(s) of Sino Gas & Energy Holdings Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

**the Chairman
of the Meeting
(mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **2:00pm (Perth time) on Friday, 30 May 2014, at Celtic Club, 48 Ord Street, West Perth WA 6005** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

STEP 2

VOTING DIRECTIONS

Resolution 1

Remuneration Report

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2

Re-Election of Colin Heseltine as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 3

Approval of Variation to Terms of Options

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Resolution 4

Election of Mr Philip Bainbridge as a Director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

SEH PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm (Perth time) on Wednesday, 28 May 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE  www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Sino Gas & Energy Holdings Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**