

17 May 2016

SINO GAS ANNUAL GENERAL MEETING 2016: CHAIRMAN'S ADDRESS

Good morning Ladies and Gentlemen

Your company's assets at Linxing and Sanjiaobei are world class.

We have a large, LNG scale, gas resource, a low cost base, a fast growing gas market with attractive pricing, available export infrastructure and a supportive government at the national and provincial level.

Since this time last year, your management has made substantial progress, most notably:

- An incident free safety record.
- Bringing Linxing onstream.
- Receiving gas sales proceeds from Linxing which accounts for approximately 85% of our pilot production.
- Continued exploration and appraisal success at Linxing East.
- Continued improvements in our test flowrates from wells
- Once again, a material increase in reserves and resources.
- Making steady progress on our Chinese Reserve Report (**CRR**) approvals.
- Maintaining robust gas prices.
- Preserving our balance sheet strength.

At the end of April, our Joint Venture partner, MIE Holdings, announced its intention to sell its entire stake in SGE to China New Energy Mining Limited (**CNEML**) for US\$220 million. While the deal has yet to complete, we welcome CNEML who, with their skills, relationships and financial strength, will, we believe be a good partner. Already, we are seeing good alignment and commitment between our two companies.

For the year ahead, we have five focus areas:

- Firstly, complete the seamless transition of CNEML and drive the pace of development.
- Secondly, finalise payments for Sanjiaobei. I am confident that a satisfactory outcome will be achieved in the near future.
- Thirdly, ramp-up of production to the total installed capacity of 25 MMscf/d by the end of the year.
- Continue to apply technology to improve well rates and well ultimate recoveries ahead of Overall Development Plan (**ODP**).
- Finally, secure CRR approval for both Linxing (West) and Sanjiaobei while continuing to progress towards ODP submissions.

We continue to believe that the share price does not reflect the deep underlying value of your assets, nor the read through from the CNEML transaction.

We remain confident that by delivering on our focus areas, with our new partner, we will unlock the deep value of these assets and see that value reflected in the share price.

The Board and management is committed to making this happen.

Thank you.

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.