

SINO GAS & ENERGY HOLDINGS LIMITED

PROCEDURE FOR THE SELECTION AND APPOINTMENT OF NEW DIRECTORS

Purpose

To ensure that there are defined procedures for the selection and appointment of new Directors to the Sino Gas & Energy Holding Limited ("SGEH" or Company") Board of Directors ("Board").

Procedure

This procedure has been prepared by the Nomination & Remuneration Committee ("Committee") which assists the Board with the selection and appointment of new directors.

(a) Board Composition

The Board Charter requires that the Board be comprised of a majority of independent Directors with a broad range of expertise, skills and experience. The composition of the Board is regularly reviewed to ensure that the Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities. Candidates for appointment to the Board may be considered where they hold particular experience in the various activities conducted by SGEH.

(b) Identification of potential Board candidates

The Board and each of the individual Directors are expected to be continually on the look out for candidates that they consider may be valuable members of the Board.

At various times the Board may also determine that there is a specific requirement for a Director with particular skills, and at this time external consultants may be engaged to identify potential candidates.

(c) Selection

In the circumstances where the Board believes there is a need to appoint another director, whether due to retirement of a Director or growth or complexity of the Company, certain procedures will be followed by the Committee, including:

- determining the skills and experience appropriate for the appointee having regard to those of the existing Directors and any other likely changes to the Board;
- agreeing the process and timetable for seeking such a person, which may involve an external recruitment firm;
- the preparation of a short list of candidates

Potential directors are to be approached and their interest in joining the Board, together with the responsibilities such an appointment entail, are to be discussed. The terms and conditions of the appointment, including the level of remuneration, are also to be communicated to the candidates.

Once a potential candidate has been identified that candidate would be expected to provide a copy of their resume detailing their skills and experience. The Board, at a Board meeting, would interview the candidate and explain details of SGEH, its operations, policies and expectations.

When considering a candidate the Board will make their assessment pursuant the following guidelines:

- competencies and qualifications;
- independence;
- any other directorships held;
- time availability;
- contribution to the overall balance of the composition of the Board; and
- depth of understanding of the role of and legal obligations of a director.

The full Board shall consider any appointment to the Board, subject to the Directors' voting arrangements set out in the Company's Constitution.

(d) Appointment to the Board

If an invitation to become a director of the Board is accepted, the new Director is expected to sign the Terms and Conditions for appointment of Directors and the Directors Consent to Act form. The Director will also be provided with access to the Company's Board Charter and other relevant policies and procedures and an induction as to SGEH's business and the industry in which it operates.

The Board will appoint the new Director during the year and that person will stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with the relevant information on the candidates for re-election.

Following the appointment of a new Director to the Board, an announcement is to be made to the market containing various details of the new Director's skills and experience and the reason for the appointment to the Board. Appropriate details are also to be provided to the market regarding the new Director's shareholding in SGEH.

Responsibility

The Chairman is ultimately responsible for compliance with this procedure, however it is expected that all Directors comply with this procedure.

Policy history

- Established: July 2009
- Last review: December 2011
- Review frequency: Annually or as required