

SINO GAS & ENERGY HOLDINGS LIMITED

SUMMARY OF RISK MANAGEMENT POLICY

The Board of Directors of Sino Gas & Energy Holdings Limited ("SGEH" or "Company") takes a proactive approach to risk management. The identification and proper management of risk within SGEH is a priority for the Board and management.

The Board is responsible for oversight of the processes whereby risks, and also opportunities, are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight includes but is not limited to operational, environmental, sustainability, compliance, strategic, ethical conduct, reputation or brand, technological, product or service quality, human capital, financial reporting and market-related risks.

The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy and is designed to meet stakeholder's needs and manage business risks.

In addition, the Board takes responsibility for:

- monitoring and assessing corporate risk and any internal controls instituted;
- monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements; and
- annually reviewing internal and external audit programs and/or reports to ensure that, where deficiencies in controls or procedures have been identified, appropriate remedial action is taken by management.

The Board has sought to minimize business risks by focusing on the Company's core business. The Board is responsible for ensuring that the Company's risk management systems are adequate and operating effectively.

An annual review of the Company's risk profile is undertaken and any material changes to the risk profile are noted. To assist the Board to conduct the annual review, management and key executives are required to report to the Board on any material risks identified, how the risks are being managed, the implementation of any risk management or internal control system, and whether any breaches of the risk management policies have occurred during the proceeding 12 months.

For future reporting periods the Managing Director/Chief Executive Officer and Chief Financial Officer will attest that the financial reporting risk management and associated compliance and controls have been assessed, and the adequacy of the system of risk oversight, management and internal control.

The Company believes that it is crucial for all Board members to be part of the process, and as such the Board has not established a separate risk management committee. The Board is of the opinion that the Board, the Audit and Compliance Committee, the Planning Committee and the external auditors provide adequate oversight of the Company's risk management and internal controls.