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Sino Gas Group Limited
中油潔能集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 260)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders of Sino Gas Group Limited (the “**Company**”) will be held at Unit 704D, 7th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 12 January 2012 at 10:00 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company. Unless otherwise indicated, capitalised terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated 16 December 2011 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the LED Acquisition Agreement dated 31 October 2011, as supplemented by the Supplemental Agreement, entered into between the LED Vendors and the LED Purchaser (copies of the LED Acquisition Agreement and the Supplemental Agreement have been tabled at the meeting marked “A” and initialled by the Chairman of the meeting for the purpose of identification), pursuant to which the LED Vendors have conditionally agreed to sell and the LED Purchaser has conditionally agreed to purchase the entire issued share capital of Tongda BVI at the LED Consideration of a maximum of RMB315 million (equivalent to approximately HK\$386.0 million) (subject to adjustments), comprising the Variable Consideration (as defined in the Circular) and the Fixed Consideration (as defined in the Circular), of which:
 - (i) one-third of the Variable Consideration, i.e. up to RMB100 million (equivalent to approximately HK\$122.5 million) will be payable by the LED Purchaser to the LED Vendors in cash in HK\$ equivalent at the then prevailing rates;
 - (ii) the remaining two-third of the Variable Consideration, i.e. up to RMB200 million (equivalent to approximately HK\$245.1 million)

will be payable by the LED Purchaser by procuring the Company to issue and allot the Consideration Shares and pay cash (if any) to the LED Vendors; and (iii) the LED Purchaser will pay the Fixed Consideration, i.e. RMB15 million (equivalent to approximately HK\$18.4 million) in cash in HK\$ equivalent at the then prevailing rates to the LED Vendors which intend to inject by way of equity an additional amount of RMB 15 million to Tianxu Hengyuan on or before the LED Completion Date, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (b) subject to and conditional upon the passing of the resolution 1(a) and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares, the allotment and issue of the Consideration Shares in accordance with the terms and conditions of the LED Acquisition Agreement be and is hereby approved and that the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Consideration Shares, credited as fully paid, pursuant to the LED Acquisition Agreement, such Shares shall rank pari passu in all respects with the existing ordinary shares of the Company in issue as at the date of allotment of the Consideration Shares. The specific mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to passing of this resolution; and
 - (c) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to the LED Acquisition Agreement, the Supplemental Agreement and the transactions contemplated thereunder.”
2. “**THAT**, subject to the consent of the Executive pursuant to Rule 25 of the Takeovers Code with respect to the Special Deal and any conditions that may be imposed thereon,
- (a) the Finance Leasing Acquisition Agreement dated 2 November 2011 entered into between Smartcon and Dong Yuen as the vendors and Sino Gas Finance as the purchaser (a copy of the Finance Leasing Acquisition Agreement has been tabled at the meeting marked “**B**” and initialled by the Chairman of the meeting for the purpose of identification), pursuant to which Smartcon and Dong Yuen have conditionally agreed to sell and Sino Gas Finance has conditionally agreed to purchase Smartcon Sale Shares and Dong Yuen Sale Shares respectively; and Smartcon and Dong Yuen have conditionally agreed to sell and assign to Sino Gas Finance and Sino Gas Finance has conditionally agreed to purchase and accept the assignment of Smartcon

Shareholder Loan and Dong Yuen Shareholder Loan respectively, at an aggregate consideration of HK\$55,328,087, of which: (i) HK\$51,775,872 will be payable by Sino Gas Finance by procuring the Company to issue the Convertible Note in a principal amount of HK\$51,775,872 with a 3-year term and 2% coupon rate to Billirich, the nominee of Smartcon on the Finance Leasing Completion Date; and (ii) HK\$3,552,215 will be payable by Sino Gas Finance to Dong Yuen in cash on the Finance Leasing Completion Date, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

- (b) subject to the passing of the resolution 2(a) and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares, the allotment and issue of Conversion Shares in the capital of the Company upon the exercise of the conversion rights attaching to the Convertible Note at an initial Conversion Price of HK\$0.235 per Conversion Share (subject to adjustment) be and is hereby approved and that the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Conversion Shares, credited as fully paid, pursuant to the terms and conditions of the Convertible Note, such Shares shall rank pari passu in all respects with the existing ordinary shares of the Company in issue as at the date of allotment of the Conversion Shares. The specific mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to passing of this resolution; and
 - (c) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to the Finance Leasing Acquisition Agreement and the transactions contemplated thereunder.”
3. **“THAT** subject to the passing of resolutions 2, 4 and 5 and the Underwriting Agreement dated 2 November 2011 entered into between the Company and the Underwriter (a copy of the Underwriting Agreement has been tabled at the meeting marked “C” and initialled by the Chairman of the meeting for the purpose of identification) becoming unconditional and not being terminated in accordance with its terms:
- (a) the issue of not less than 1,217,927,513 Offer Shares (assuming no Outstanding Share Options have been exercised on or before the Record Date) and not more than 1,388,527,513 Offer Shares (assuming all Outstanding Share Options have been exercised in full on or before the Record Date) at a subscription price of approximately HK\$0.2 per Offer

Share by way of an Open Offer on the basis of one Offer Share for every two Shares to the Qualifying Shareholders on the terms and subject to the conditions set out in the Circular (a copy of the Circular has been produced at the meeting marked “D” and initialled by the Chairman of the meeting for the purpose of identification) be and is hereby approved; and

- (b) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder.”
4. “**THAT** the waiver (the “**Whitewash Waiver**”) granted or to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeover Code waiving any obligation (either unconditionally or subject to such conditions as may be required by the SFC) on the part of the Underwriter and parties acting in concert with it, to make a general offer for all the Shares not already owned by them or agreed to be acquired upon completion of or as a result of the transactions contemplated under the Open Offer and the Underwriting Agreement, be and is hereby approved and any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Whitewash Waiver and the transactions contemplated thereunder.”
5. “**THAT**
- (a) the Directors be and are hereby authorised generally for the purposes of Section 57B of the Companies Ordinance to allot and issue Shares otherwise than on a pro rata basis within the Relevant Period, to such persons, on such terms and conditions and at such times as the Directors shall think fit, and that such authority shall include the grant of any option to subscribe or the Shares and shall extend to any allotment made after such date in pursuance of an offer, agreement or option made or granted by the Company before such authority expires; and
 - (b) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company (“**AGM**”);

- (ii) the expiration of the period within which the next AGM is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the members of the Company in general meeting.”

SPECIAL RESOLUTION

1. “**THAT** subject to the approval of the Registrar of Companies, the name of the Company be changed from “Sino Gas Group Limited 中油潔能集團有限公司” to “China Environmental Investment Holdings Limited 中國環保投資股份有限公司” and that any one or more Directors be and is/are hereby authorised to do all such acts and things and execute all documents or make such arrangements as he/they may, in his/their absolute discretion, consider necessary or expedient to give effect to the aforesaid change of the name of the Company.”

By order of the Board
Sino Gas Group Limited
Ji Hui
Chief Executive Officer

Hong Kong, 16 December 2011

Registered Office: Unit 704D, 7th Floor
Tower 1, Admiralty Centre
18 Harcourt Road Admiralty
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, with the Company at the share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. To ascertain the entitlements to attend and vote at the EGM, members must lodge the relevant transfer document(s) and share certificates with the share registrar of the Company no later than 4:30 p.m. on 11 January 2012 for registration.
4. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. The Underwriter, AVIC, Billirich, Dong Yuen, parties acting in concert with any of them, and Shareholders who are interested or involved in the Open Offer (other than Shareholders who are involved in the Open Offer solely in their capacity as Shareholders), the Underwriting Agreement and the Whitewash Waiver are required to abstain from voting on the ordinary resolutions 2 to 4 as set out above.
6. Smartcon, Dong Yuen, the Underwriter, AVIC, their respective associates, parties acting in concert with any of them and those who are interested or involved in the Finance Leasing Acquisition Agreement and the Special Deal are required to abstain from voting at the EGM on the ordinary resolutions 2 to 4 as set out above.
7. Pursuant to the Listing Rules, voting on the resolutions in respect of the matters as set out above will be conducted by way of poll.

As of the date of this announcement, the Board comprises six directors, of which Mr. Ji Guirong (Chairman) is the non-executive director; Mr. Ji Hui (Chief Executive Officer) and Mr. Zang Zheng are the executive directors; Mr. Wang Zhonghua, Mr. Zhong Qiang and Mr. Xiao Wei are the independent non-executive directors.