

Sino Clean Energy Inc
Form DEF 14A
August 17, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

SINO CLEAN ENERGY INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SINO CLEAN ENERGY INC.
Room 1605, Suite B, Zhengxin Building,
No. 5, Gaoxin 1st Road, Gaoxin District

Xi'an City, Shaanxi Province,
People's Republic of China 710075

Telephone (8629) 8406-7376
Facsimile (8629) 8406-7375

August 14, 2009

Dear Shareholders:

You are cordially invited to attend the annual meeting of shareholders of Sino Clean Energy Inc. (the "Company") to be held at 10:00 a.m., Xi'an City time, on Monday, September 21, 2009, at the Company's Offices at Room 1605, Suite B, Zhengxin Building, No. 5, Gaoxin 1st Road, Gaoxin District, Xi'an City, Shaanxi Province, People's Republic of China 710075, for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect a Board of six (6) directors to serve until the 2010 annual meeting of shareholders or until their successors are duly elected and qualified.
2. To ratify the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the Company's 2009 fiscal year.
3. To approve an amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares.
4. To transact such other business as may properly come before the meeting and any postponement(s) or adjournment(s) thereof.

We sincerely hope that you will be able to attend our annual meeting of shareholders. However, whether or not you plan to attend, please sign, date, and promptly return the enclosed proxy by mail. Returning the proxy card will ensure that your shares are represented at the meeting, but does not deprive you of your right to attend the meeting and to vote your shares in person.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in Sino Clean Energy Inc.

Very truly yours,

By: /s/ Baowen Ren
Baowen Ren
Chief Executive Officer
(Principal Executive Officer)

SINO CLEAN ENERGY INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
SEPTEMBER 21, 2009

To our Shareholders:

The annual meeting of shareholders of Sino Clean Energy Inc. will be held at 10:00 a.m. (Xi'an City time) on Monday, September 21, 2009, at the Company's Offices at Room 1605, Suite B, Zhengxin Building, No. 5, Gaoxin 1st Road, Gaoxin District, Xi'an City, Shaanxi Province, People's Republic of China 710075, for the following purposes:

1. To elect a Board of six (6) directors to serve until the 2010 annual meeting of shareholders or until their successors are duly elected and qualified.
2. To ratify the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the Company's 2009 fiscal year.
3. To approve an amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares.
4. To transact such other business as may properly come before the meeting and any postponement(s) or adjournment(s) thereof.

Only shareholders of record at the close of business on August 10, 2009 are entitled to notice of, and to vote at, the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Baowen Ren
Baowen Ren
Chairman and Chief Executive Officer

Xi'an City, China
August 14, 2009

IMPORTANT

Whether or not you plan to attend the meeting, please sign, date, and return promptly the enclosed proxy, either in the enclosed envelope, which requires no postage if mailed in the United States.

Promptly signing, dating, and returning the proxy will save the Company the additional expense of further solicitation.

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SINO CLEAN ENERGY INC.
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PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD SEPTEMBER 21, 2009

August 14, 2009

GENERAL

The enclosed proxy is solicited on behalf of the Board of Directors of Sino Clean Energy Inc., a Nevada corporation (the "Company"), for use at the annual meeting of shareholders to be held on September 21, 2009, at 10 a.m. (local time), or at any adjournment or postponement of the meeting, for the purposes set forth in this proxy statement and in the accompanying Notice of Annual Meeting. The annual meeting will be held at the Company's principal executive offices located at Room 1605, Suite B, Zhengxin Building, No. 5, Gaoxin 1st Road, Gaoxin District, Xi'an City, Shanxi Province, People's Republic of China 710075. The Company intends to mail this proxy statement and accompanying proxy card on or about August 17, 2009 to all shareholders entitled to vote at the annual meeting.

ABOUT THE MEETING

Why did I receive this proxy statement?

You received this proxy statement because you held shares of the Company's common stock on August 10, 2009 (the "Record Date") and are entitled to vote at the annual meeting. The Board of Directors is soliciting your proxy to vote at the meeting.

What am I voting on?

You are being asked to vote on three items:

1. To elect a Board of six (6) directors to serve until the 2010 annual meeting of shareholders or until their successors are duly elected and qualified. (see page 6).
2. The ratify the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the 2009 fiscal year (see page 10).
3. To approve an amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares (see page 12).

How do I vote?

Shareholders of Record

If you are a shareholder of record, there are two ways to vote:

1. By completing and returning your proxy card in the postage-paid envelope provided by the Company; or
2. By voting in person at the meeting.

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Street Name Holders

Shares that are held in a brokerage account in the name of the broker are said to be held in “street name.”

If your shares are held in street name, you should follow the voting instructions provided by your broker. You may complete and return a voting instruction card to your broker, or, in many cases, your broker may also allow you to vote via the telephone or internet. Check your proxy card for more information. If you hold your shares in street name and wish to vote at the meeting, you must obtain a legal proxy from your broker and bring that proxy to the meeting.

Regardless of how your shares are registered, if you complete and properly sign the accompanying proxy card and return it to the address indicated, it will be voted as you direct.

What are the voting recommendations of the Board of Directors?

The Board of Directors recommends that you vote in the following manner:

1. FOR each of the persons nominated by the Board of Directors to serve as directors.
2. FOR the ratification of the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the 2009 fiscal year.
3. FOR the approval of the amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares.

Unless you give contrary instructions on your proxy card, the persons named as proxies will vote your shares in accordance with the recommendations of the Board of Directors.

Will any other matters be voted on?

We do not know of any other matters that will be brought before the shareholders for a vote at the annual meeting. If any other matter is properly brought before the meeting, your signed proxy card would authorize Mr. Baowen Ren to vote on such matters in his discretion.

Who is entitled to vote at the meeting?

Only shareholders of record at the close of business on the Record Date are entitled to receive notice of and to vote at the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponement or adjournment of the meeting.

How many votes do I have?

For holders of common stock, you will have one vote for each share of the Company's common stock that you owned on the Record Date.

How many votes can be cast by all shareholders?

The Company had 101,261,786 outstanding shares of common stock on the Record Date, and each of these shares is entitled to one vote.

How many votes must be present to hold the meeting?

The holders of at least a majority of the shares entitled to vote of the Company's common stock outstanding on the Record Date must be present at the meeting in person or by proxy in order to fulfill the quorum requirement necessary to hold the meeting. This means at least 50,630,894 common shares must be present in person or by proxy.

If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will also be counted in determining the quorum. A broker non-vote occurs when a bank or broker holding shares in street name submits a proxy that states that the broker does not vote for some or all of the proposals because the broker has not received instructions from the beneficial owners on how to vote on the proposals and does not have discretionary authority to vote in the absence of instructions.

We urge you to vote by proxy even if you plan to attend the meeting so that we will know as soon as possible that a quorum has been achieved.

What vote is required to approve each proposal?

The six nominees for directors who receive the most votes will be elected.

The required vote to approve the ratification of the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the 2009 fiscal year is the affirmative vote of a majority of the votes cast, excluding abstentions.

The required vote to approve the amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares is the affirmative vote of a majority of the votes cast, excluding abstentions.

An abstention with respect to these proposals will be counted for the purposes of determining the number of shares entitled to vote that are present in person or by proxy. Accordingly, an abstention will have the effect of a negative vote.

If a broker indicates on the proxy that it does not have discretionary authority to vote on a particular matter, those shares will not be considered as present and entitled to vote with respect to the matter.

Can I change my vote?

Yes. You may change your vote by sending in a new proxy card with a later date, or, if you are a shareholder of record, sending written notice of revocation to the Company's Secretary at the address on the cover of this proxy statement. Also, if you attend the meeting and wish to vote in person, you may request that your previously submitted proxy not be used.

Who can attend the annual meeting?

Any person who was a shareholder of the Company on August 10, 2009 may attend the meeting. If you own shares in street name, you should ask your broker or bank for a legal proxy to bring with you to the meeting. If you do not receive the legal proxy in time, bring your most recent brokerage statement so that we can verify your ownership of our stock and admit you to the meeting. You will not, however, be able to vote your shares at the meeting without a legal proxy.

What happens if I sign and return the proxy card but do not indicate how to vote on an issue?

If you return a proxy card without indicating your vote, your shares will be voted as follows:

- FOR each of the nominees for director named in this proxy statement; and
- FOR ratification of the appointment of Weinberg & Company, P.A. as the Company's independent registered public accounting firm for the 2009 fiscal year.
- FOR approval of the amendment of the articles of incorporation that increases the number of authorized shares of our common stock from 200,000,000 shares to 300,000,000 shares.

PROPOSAL 1 - ELECTION OF DIRECTORS

Under the Company's bylaws, the number of directors of the Company is fixed by the Board of Directors and may be increased or decreased by resolution of the Board of Directors. Currently, the Board has fixed the number of directors at six persons. Six directors are to be elected to our Board of Directors at the annual meeting. The Board's Nominating Committee recommends that Baowen Ren, Wenjie Zhang, Peng Zhou, Bennet P. Tchaikovsky, Zidong Cao and Yong Li to serve as directors until the 2010 annual meeting, or until each director's successor is elected and qualified. Each of the nominees has agreed to serve if elected. All of the nominees currently serve on our Board of Directors.

Nominees for Director

Baowen Ren is the Director of Hangson Limited and has been Chairman of the Board of Shaanxi BST since January 2003. Mr. Ren is a senior economic engineer who graduated from the Business Management Department of Hanzhong Normal University in 1992. He had been the president of Shaanxi Lanchao Group Clothe Group Co. Ltd. from January 2001 to December 2002 and had been conferred honorable titles of “Pacemaker in the New Long March”, “Shaanxi Outstanding Young Entrepreneur”, “Shaanxi Top 100 Entrepreneur”, and “National Model Township Entrepreneur of Ministry of Agriculture”. Under his leadership, Suo’ang BST has convened a batch of excellent management personnel for products technology development, market strategy and sales, and capital operations for the expansion and development of our CWM business.

Wenjje Zhang has been the General Manager of Hanzhong Minsheng Guomao Department Store since January 2004. Mr. Zhang graduated with a degree in administration from the Xi’an Science Institution in 1995. From January 2001 until December 2003, Mr. Zhang was the Sales Manager at Shaanxi Jingyi Wood Group Company. Mr. Zhang is the chairman of our compensation and nominating committees, and a member of our audit committee.

Peng Zhou is the General Manager of Suo’ang BST. Mr. Zhou is an accountant who graduated from the Statistics Department of Shaanxi Institute of Finance in 1992. Mr. Zhou started at Suo’ang BST as a Project Manager in May 2002 and was promoted to his current position as General Manager in May 2005. Mr. Zhou has also been engaged in industries such as finance, media, foreign trade, real estate and had held the posts of manager of credit department, editor, financial supervisor, and deputy manager. From June 1997 until March 2002, Mr. Zhou was the Vice President of Hanzhong Ruisen Real Estate Company. Mr. Zhou was also in charge of compiling and reporting work for a number of projects such as Industrial Park Project of 3,000-thousand Sets of Clothes, New Construction Material Project-Shale Brick Manufacturing Demonstration Base with Annual Output of 6000-Thousand Pieces, and Erlang Dam Downstream Hydropower Station Cascade Development Project.

Bennet P. Tchaikovsky joined our Company on December 15, 2008 and is the chairman of our audit committee and member of our compensation and nominating committees. Mr. Tchaikovsky is presently the Chief Financial Officer of Skystar Bio-Pharmaceutical Company. He is also currently serving on the board of directors of Ever-Glory International Group, Inc., as chairman of the audit committee and member of the compensation committee. From July 2004 through October 2007, Mr. Tchaikovsky served as the chief financial officer of Innovative Card Technologies, Inc. Mr. Tchaikovsky acted as a consultant to Innovative Card Technologies from November 2007 until July 2008. From January 2003 through November 2003, Mr. Tchaikovsky served as the Vice President, Finance of TJR Industries, Inc. From December 2000 through June 2002, Mr. Tchaikovsky served as Interim Chief Financial Officer and Chief Financial Officer of Digital Lava, Inc. Mr. Tchaikovsky is a licensed Certified Public Accountant and an inactive member of the California State Bar. He received a B.A. in Business Economics from the University of California at Santa Barbara, and a J.D. from Southwestern University School of Law.

Zidong Cao joined our Company on December 15, 2008 and is a member of our audit committee. Dr. Cao is a scientist with substantial knowledge of the coal and related industries in China. He is presently the Assistant Dean of the School of Energy & Power Engineering and Associate Director of the Research Center on Environmental Science & Engineering at Xi’an Jiaotong University (the “University”). Dr. Cao was previously the Director of the University’s Boiler Laboratory and the Boiler Teaching & Research Office. He is a member of the National Committee of Boiler Standardization and is the Vice Chairman of the Xi’an Association of Thermal Energy & Dynamics. Dr. Cao is a graduate of the University’s School of Energy and Power Engineering, focusing on boiler research.

Yong Li joined our Company on March 3, 2009 and is a member of our compensation and nominating committees. Mr. Li is a partner at Investwide LLC and Investwide Capital LLC since January 2005, where he oversees investment strategies. He is also in charge of risk management of Midway Group LP as its Managing Director, and has been with the firm since March 2003. Mr. Li graduated from China’s Sichuan University in 1987 with a B.S. in computer

science. He also received a M.S. in mathematics and computer science in 1989 and a Ph.D. in computer science/operations research in 1992 from Pennsylvania State University.

The Board of Directors and Its Committees

Our Board of Directors currently consists of six members. Our bylaws provide that our directors will hold office until the annual meeting of shareholders or until their successors have been elected and qualified. Our Board of Directors is responsible for the business and affairs of the Company and considers various matters that require its approval. During the fiscal year ended December 31, 2008, the Board did not meet but took action by unanimous written consent five (5) times.

There are three committees of the Board of Directors — the Audit Committee, the Compensation Committee, and the Nominating Committee. The Board created the three committees and adopted charters for all of such committees on December 15, 2008. The Board has determined that, in its judgment as of the date of this Proxy Statement, Bennet P. Tchaikovsky, Wenjie Zhang, Zidong Cao and Yong Li are independent directors within the meaning of Nasdaq Listing Rule 5605(a)(2). Accordingly, all of the members of the Audit Committee are independent within the meaning of Nasdaq Listing Rule 5605(a)(2).

Attendance of Directors at Shareholder Meetings

All of the Company's directors are expected to attend the 2009 annual meeting of shareholders, either in person or by teleconference; however, it is understood that special circumstances may prevent a director from attending.

Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee assists Board oversight of (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence, and (iv) the performance of the Company's internal audit function and independent auditor, and prepares the report that the Securities and Exchange Commission requires to be included in the Company's annual proxy statement. The current members of the Audit Committee are Bennet P. Tchaikovsky, Wenjie Zhang and Zidong Cao, and Mr. Tchaikovsky serves as the Chairman. Since the Audit Committee was established on December 15, 2008, the Audit Committee did not meet and/or take action by unanimous written consent during the fiscal year ended December 31, 2008. The Board has determined that Mr. Tchaikovsky is an "audit committee financial expert" within the meaning of Nasdaq Marketplace Rule 4350(d)(2).

Compensation Committee

The Compensation Committee is responsible for overseeing and, as appropriate, making recommendations to the Board regarding the annual salaries and other compensation of the Company's executive officers and general employees and other policies, and for providing assistance and recommendations with respect to the compensation policies and practices of the Company. The current members of the Compensation Committee are Bennet P. Tchaikovsky, Wenjie Zhang and Yong Li, and Mr. Zhang serves as the Chairman. Since the Compensation Committee was established on December 15, 2008, the Compensation Committee did not meet or take action by unanimous written consent during the fiscal year ended December 31, 2008.

The Compensation Committee:

- On an annual basis, without the participation of the Chief Executive Officer, (i) review and approve the corporate goals and objectives with respect to compensation for the Chief Executive Officer, (ii) evaluate the Chief Executive Officer's performance in light of the established goals and objectives, and (iii) set the Chief Executive Officer's annual compensation, including salary, bonus, incentive, and equity compensation.
- On an annual basis, review and approve (i) the evaluation process and compensation structure for the Company's other senior executives, and (ii) the Chief Executive Officer's evaluation of the performance and his recommendations concerning the annual compensation, including salary, bonus, incentive, and equity compensation, of other company executive officers, and (iii) the recruitment, retention, and severance programs for the Company's senior executives, and (iv) review the compensation structure for the Board.
-

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As appropriate, make recommendations to the Board with respect to executive incentive-compensation plans and equity-based compensation.

- Assist the Board in developing and evaluating potential candidates for senior officer positions, including the Chief Executive Officer, and oversee the development of executive succession plans.

- Review an annual report on executive compensation for inclusion in the Company's proxy statement.

The Compensation Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting, and other advisors such as consultants and shall determine the extent of funding necessary for the payment of compensation to such persons.

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Nominating Committee

The Nominating Committee identifies and evaluates candidates for election to the Company's Board of Directors. The current members of the Nominating Committee are Bennet P. Tchaikovsky, Wenjie Zhang and Yong Li, and Mr. Zhang serves as the Chairman. Since the Nominating Committee was created on December 15, 2008, the Committee did not meet or take action by unanimous written consent during the fiscal year ended December 31, 2008.

The Nominating Committee selects candidates for director who, in the view of the Nominating Committee and based on all available information and relevant considerations, are most suited for membership on the Board. The process for identifying and evaluating nominees for director is as follows:

- The Board will evaluate the qualifications and performance of the incumbent directors that desire to continue their service. In particular, as to each such incumbent director, the Board will:
 - a. consider if the director continues to satisfy the minimum qualifications for director candidates adopted by the Board;
 - b. review the assessments of the performance of the director during the preceding term; and
 - c. consider any special facts and circumstances that may lead the Board to believe that a director should not be re-nominated.

If the Board determines that:

- a. an incumbent director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as director during the preceding term; and
- b. there are no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the Board's view the incumbent should not be re-nominated,

the Board will, absent special circumstances, propose the incumbent director for re-election.

- The Board will identify and evaluate new candidates for election to the Board where there is no qualified and available incumbent, including for the purpose of filling vacancies arising by reason of the resignation, retirement, removal, death or disability of an incumbent director or a decision of the directors to expand the size of the Board.
- The Board will solicit recommendations for nominees from persons that the Board believes are likely to be familiar with qualified candidates. These persons may include members of the Board and management of the Company. The Board may also determine to engage a professional search firm to assist in identifying qualified candidates.
 - As to each recommended candidate that the Board believes merits consideration, the Board will:
 - a. cause to be assembled information concerning the background and qualifications of the candidate, including information concerning the candidate required to be disclosed in the Company's proxy statement under the rules of the SEC and any relationship between the candidate and the person or persons recommending the candidate;
 - b. determine if the candidate satisfies the minimum qualifications required by the Board of candidates for election as director;
 - c.

determine if the candidate possesses any of the specific qualities or skills that under the Board's policies must be possessed by one or more members of the Board;

d. consider the contribution that the candidate can be expected to make to the overall functioning of the Board; and

e. consider the extent to which the membership of the candidate on the Board will promote diversity among the directors.

- It is appropriate for the Board, in its discretion, to solicit the views of the Chief Executive Officer, other members of the Company's senior management and other members of the Board regarding the qualifications and suitability of candidates to be nominated as directors.

