



CHINA GAS HOLDINGS LIMITED
中國燃氣控股有限公司 *

Caring Today Inspiring Tomorrow

Sustainability Report 2024/25



* For identification purposes only

CONTENT

	ABOUT THIS REPORT	02	
	ABOUT CHINA GAS	04	
	FY2024/25 PERFORMANCE HIGHLIGHTS	08	
	FY2024/25 MILESTONES	11	
	ACCOLADES	12	
	MESSAGE FROM THE CHAIRMAN	14	
	1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT	16	
	1.1 Corporate Governance	18	4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY
	1.2 Sustainability Governance	19	4.1 Environmental Management
	1.3 Compliant Business Operations	29	4.2 Green Construction
			4.3 Green Operation
			4.4 Ecological and Environmental Protection
			4.5 Environmental Advocacy
			4.6 Green Finance
			4.7 Response to Climate Change
			84
	2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE	42	
	Special Feature: AI Empowering Business Quality and Efficiency, Accelerating the Formation of New Productivity	44	
	2.1 Premium Quality	50	
	2.2 Exceptional Service	54	5. TALENT EMPOWERMENT: CO-CREATING VALUE
			5.1 Employee Rights
			5.2 Training and Development
			5.3 Occupational Health and Safety
			5.4 Employee Care
			122
	3. SAFETY FIRST: ENSURING GAS RELIABILITY	60	
	Special Feature: Tighter Certification Audits, Stronger Risk Firewalls	62	6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE
	3.1 Safety Management	66	6.1 Supply Chain Management
	3.2 Work Safety	69	6.2 Industry Exchange and Cooperation
	3.3 Safety Technology	74	6.3 Public Welfare
	3.4 Capacity Building	76	
	3.5 Stakeholder Management	80	
	3.6 Reliable Gas Supply	81	APPENDIX
			Content Index
			Sustainability Policy and Regulation List
			Performance Data Table
			Independent Assurance Opinion Statement
			160
			160
			166
			171
			177



ABOUT THIS REPORT



REPORTING BASIS

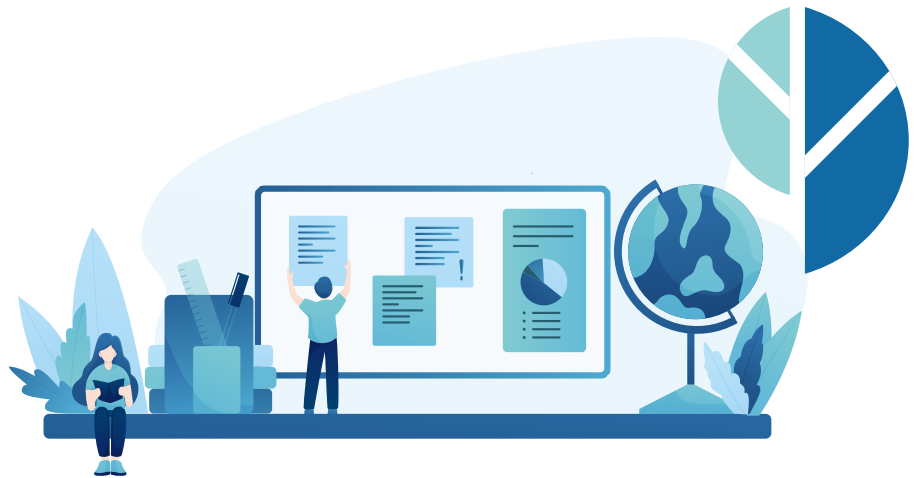
This report (the “Report”) is the ninth sustainability report published by China Gas Holdings Limited (stock code: 384.HK) (the “Company”, together with its subsidiaries, collectively referred to as the “Group” or “China Gas”). This report provides public and transparent disclosure of the Group’s activities and operating performance on different sustainability topics over the past year, and demonstrates the Group’s strategy and commitment to sustainable development. The Group publishes sustainability reports on an annual basis for public access and review to continuously improve the transparency of information disclosure.

REPORTING SCOPE

The Report covers the sustainability performance of China Gas Headquarters and all companies under operational control of the Group for the period from 1 April 2024 to 31 March 2025 (the “Reporting Period” or “FY2024/25”). Detailed contents are formulated with reference to the materiality assessment, stakeholder engagement and other relevant disclosure guidelines. For details of the Group’s business development and consolidated financial statements, please refer to the Company’s Annual Report 2024/25 (the “Annual Report”). Unless otherwise specified, the information of contractors and subcontractors is not reflected in this report.

REFERENCES

For ease of expression and reading, “China Gas”, “the Group”, “We”, “Us” and “Our” in this report refer to China Gas Holdings Limited and its subordinate regional companies and member companies.



INFORMATION SOURCE

The Group has established an internal supervision mechanism. The contents and data reported in this report are sourced from the documents and statistics provided by various departments of the Group. With reference to the Group's relevant policies and systems, the monitoring, management and operational data provided by relevant departments and subsidiaries are consolidated and summarised. Certain amounts and information included in this report have been subject to rounding adjustments.

REPORTING PRINCIPLES

This report is in accordance with Appendix C2 *Environmental, Social and Governance Reporting Code* (formerly known as "ESG Reporting Guide") of the *Rules Governing The Listing of Securities* issued by the Stock Exchange of Hong Kong Limited (the "HKEX"), with reference to the Sustainable Development Goals ("SDGs") of the United Nations. This report is based on the four reporting principles of materiality, quantification, balance and consistency as mentioned by HKEX in its *Environmental, Social and Governance Reporting Code*. It aims at covering all material issues objectively and comprehensively and demonstrate the Group's commitment and determination to follow the best international practices. A complete content index is included in the last chapter of this report for your convenience.

CONFIRMATION AND APPROVAL

To ensure that the information presented in this report is as accurate and reliable as possible, the Group has established an internal regulatory mechanism and a review procedure. The content of this Report has also been reviewed by the senior management of the Company and approved by the Sustainability Committee of the Company (the "Sustainability Committee") and the Board of Directors of the Company (the "Board").

AVAILABILITY

This report is available in both Chinese and English electronic versions and has been uploaded to the HKEX news website (www.hkexnews.hk) and the website of the Company (www.chinagasholdings.com.hk). In the event of any inconsistency or discrepancy between the Chinese version and the English version, the Chinese version shall prevail; in the event of any conflict or inconsistency between this report and the Annual Report, the Annual Report shall prevail.

FEEDBACK

China Gas values the opinions of its stakeholders. Your insights on the content and format of this report are a driving force for the Group's ongoing enhancement efforts. For any questions or suggestions, you can send your feedback to investor@chinagasholdings.com.hk to support us in continuously improving our ESG performance.

ABOUT CHINA GAS

CORPORATE PROFILE AND INFORMATION OVERVIEW

The Group is one of China's largest trans-regional integrated energy suppliers and service providers. With a primary presence in China, it specialised in the investment, construction and operations of city and township gas pipelines, gas terminals, storage and transportation facilities and logistics systems, delivering natural gas and liquefied petroleum gas (LPG) to residential, industrial, and commercial customers. The Group also builds and operates compressed natural gas (CNG) and liquefied natural gas (LNG) fueling stations while developing and applying natural gas and LPG technologies. At China Gas, years of exploration and growth were translated into a full-fledged business portfolio centred around piped gas, stretching across LPG, LNG, smart energy services, gas equipment and kitchen appliances and grid-based new retail in the private domain backed by stores.



CORPORATE VISION AND MISSION

VISION: HUMANITY-FIRST TOWARDS CENTENARY

Unity of People and Enterprise: China Gas is committed to integrating the expectations of its stakeholders, society, customers, shareholders, and employees into its corporate vision. By fostering a community of shared future, the Group aims to grow alongside its stakeholders, ensuring corporate sustainability as it progresses toward its centenary.

A Century of China Gas: We aim to transform China into a sustainably run, century-old enterprise which history, scale, service quality, brand impact, and contributions all stand the test of time. Our foundations would grow ever deeper with its stronger momentum for development.

MISSION: CONVERGING IN HARMONY AND BENEFITING COMMUNITIES

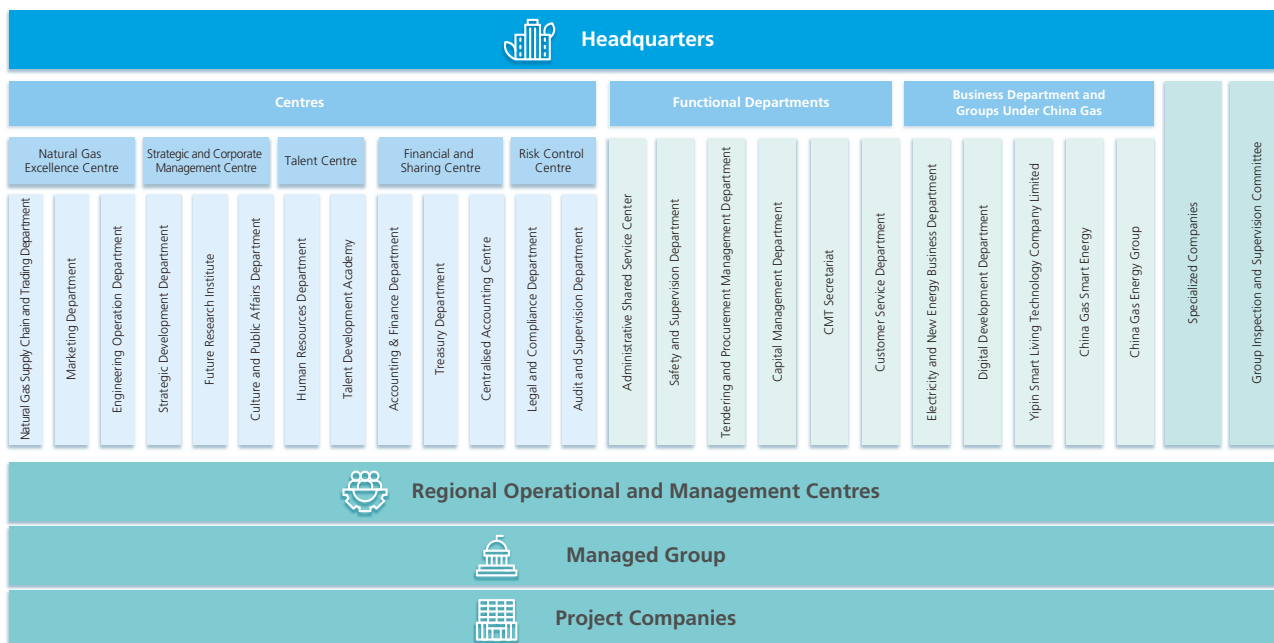
Gas Brings People Together in Harmony: China Gas is guided by the philosophy of "Converging in Harmony and Benefiting Communities". Anchored by its natural gas business, the Company pursues continuous growth and development with the unity of its strengths, capital, talent, and wisdom. By aligning our mind and working united, we can realise our vision of a century-old enterprise.

Fulfilling Society: China Gas aims to improve living standards, promoting national economic growth, fulfilling its social responsibilities, and advancing public well-being, and creating a better life for all.

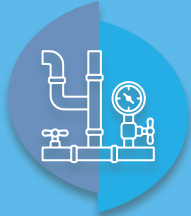
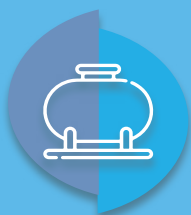


ORGANISATIONAL STRUCTURE

China Gas has established an organisational structure composed of three tiers, namely the headquarters, the regions, and the front lines. This structure is designed to streamline and refine corporate management, thereby enhancing the Company's overall operations.



Types of Business and Their Distribution

<p>Piped Gas</p> 	<p>Since the launch of the national West-East Gas Pipeline and Sichuan-Shanghai Parallel Gas Pipeline Projects, China Gas has invested in 662 piped gas projects with exclusive concession rights across China. These projects span 30 provinces, municipalities, and autonomous regions, covering provincial capitals and municipalities such as Harbin, Shenyang, Hohhot, Tianjin, Shijiazhuang, Xi'an, Jinan, Hangzhou, Nanjing, Hefei, Wuhan, Nanchang, Chongqing, Guangzhou, and Nanning, as well as medium-sized cities including Dalian, Qingdao, Jiamusi, Mudanjiang, Jinzhou, Liaoyang, Fushun, Baotou, Baoji, Wuhu, Huainan, Suzhou, Xinyang, Yangzhou, Jinhua, Taizhou, Yichang, Xiaogan, Huanggang, Yiyang, Meizhou, Maoming, Liuzhou, and many others. Today, China Gas stands as the largest cross-regional operator of city gas services in the country.</p>
<p>Liquefied Petroleum Gas</p> 	<p>China Gas is the largest and most integrated operator and service provider of liquefied petroleum gas in China, with the most comprehensive upstream and downstream industrial chain in the sector. Our business scope encompasses import trade, ocean transportation, terminal transshipment, cryogenic and pressure tank storage, domestic distribution and re-export, coastal and inland waterway shipping, tanker transport, cylinder gas filling and retail, micro-pipeline networks, and LPG deep processing. The Company operates the most extensive LPG import and intelligent distribution network in China, covering 21 provinces, municipalities, and autonomous regions, with an annual LPG import and distribution volume approaching 4 million tonnes.</p>

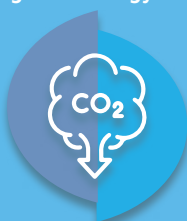
ABOUT CHINA GAS

Electricity and New Energy Business



China Gas is one of the earliest groups in China to transform from a traditional primary energy supplier to a green secondary energy supplier. By investing in, constructing, and operating distributed photovoltaic (PV) systems, energy storage, building energy efficiency, and industrial energy efficiency projects, we provide green energy services such as green electricity, chilled water, hot water, steam, and compressed air to commercial and industrial customers in cities. We also manage and trade carbon assets for our clients, aligning with the national “30-60” decarbonisation goal.

Smart Integrated Energy Business



Shenzhen China Gas Smart Energy Company Limited (“China Gas Smart Energy”) focuses on the needs of customers for low-carbon transformation and cost-saving through energy efficiency. By integrating innovative technologies such as multi-energy complementarity, green and low-carbon solutions, and tailored to local conditions, we customised comprehensive energy supply and low-carbon intelligent solutions for buildings, industries, and industrial parks. We aim to build a digital smart energy supply system and create a livable environment for human habitation.

Natural Gas Trading



China Gas began its natural gas trading business in 2015. In the same year and 2021, the Group established Zhongran Hongda Energy Trading Company Limited (“China Gas Hongda”) and Zhongran Hongxing Energy Development Company Limited (“China Gas Hongxing”) as the principal entities responsible for its liquefied natural gas and pipeline natural gas trading operations, respectively. China Gas Hongda engages extensively across the natural gas value chain, securing stable supply through partnerships with key domestic and international suppliers. Its sales cover city gas, coal-to-gas projects, CNG stations, gas-fired power plants, and industrial users. To capitalise on the synergies of integrated trading and logistics, China Gas Hongda also operates a comprehensive LNG logistics business. It manages nearly 400 self-owned CNG and LNG transport vehicles and coordinates an additional 1,500 third-party vehicles, significantly enhancing its gas transportation and supply capabilities. At present, China Gas Hongda has established a nationwide energy distribution network with a daily trading volume exceeding 18 million cubic metres and a peak daily loading capacity of over 1,000 trucks. This network spans 29 provinces, municipalities, and autonomous regions, covering more than 10,000 transport routes. It serves over 300 cities, more than 400 CNG stations, over 700 terminal customers, and more than 5,000 delivery points.

Value-added Services Business



Yipin Smart Living Technology Co., Ltd. (“YPH”) is a technology-driven retail enterprise focused on family life scenarios. Through an innovative “technology + retail” model, YPH is committed to setting a new benchmark for family services in China. Centred on family life, YPH is building an integrated online–offline ecosystem that combines “renovation + housekeeping + appliances + consumption + N” services, continuously developing a one-kilometre living circle to meet the aspirations of Chinese families for a better life. YPH operates in 26 provinces and cities nationwide, with 12 provincial-level companies and over 200 subsidiaries. Offline, it serves communities through flagship stores, 4S outlets, neighbourhood shops, and grid-based service teams, offering kitchen appliances, smart gas safety products, and home appliances, along with services such as home renovation, housekeeping, safety inspections, and maintenance. Online, YPH has built a new retail platform offering a wide range of home and lifestyle products, fully meeting users’ needs from home to community.

As of 31 March 2025, the Group operated across 30 provinces, municipalities, and autonomous regions, with a comprehensive energy infrastructure that includes more than 488 natural gas (CNG/LNG) vehicle and vessel refuelling stations, over 120 LPG terminal distribution projects, one coalbed methane (CBM) development project, 32 long-distance natural gas pipeline projects, 5 LPG terminals, 5 large petrochemical storage bases, one offshore transportation fleet, and several truck fleets for hazardous goods. The total gas pipeline network is over 560,000 kilometres, with an annual natural gas sales volume of nearing 40 billion cubic metres, over 50 million piped gas and bottled LPG users, and a gas supply covering an urban population of over 200 million.

FY2024/25 PERFORMANCE HIGHLIGHTS

ENVIRONMENTAL



GREENHOUSE GAS EMISSIONS

The total greenhouse gas emissions in the Reporting Period

decreased by 4.59%
compared to FY2023/24

Scope 1 greenhouse gas emissions in the Reporting Period

decreased by 18.06%
compared to FY2023/24

BIODIVERSITY CONSERVATION

Biodiversity assessments were conducted for

46 stations, covering a pipeline length
of **288.61 km** and involving a land area
of **393.62 hectares**

ENVIRONMENTAL MANAGEMENT

102 project companies obtained ISO 14001
Environmental Management System certification

GREEN OPERATION

Installed distributed
photovoltaic systems, collectively using

480,900 kWh

GREEN FINANCE

Total ESG-related loans equivalent to

HK\$6.19 billion

SOCIAL



HEALTH AND SAFETY

Investment in production safety reached **HK\$2.2 billion**, exceeding the compliance requirements¹

Lost-time injury frequency rate (LTIFR) per million hours – employees:

0.01

Lost-time injury frequency rate (LTIFR) per million hours – contractors:

0

EMPLOYMENT

The employee training rate reaches **100%**

SUPPLY CHAIN MANAGEMENT

Number and proportion of local suppliers:

250 suppliers, 100%

PRODUCTS AND CUSTOMER SERVICES

Customer satisfaction score reached **95.22**

Number and proportion of suppliers with the Environmental Management System certification (ISO 14000 series):

236 suppliers, 94.40%

The installation ratio of the industrial and commercial internet of Things (IoT) metres reached

44.9%

Number and proportion of suppliers obtaining the Occupational Health and Safety Management System certification (OHSAS 18001/ISO 45001):

234 suppliers, 93.60%

The installation ratio of residential IoT metres reached

39.7%

Provided ESG capacity enhancement and capability building

training for **29** suppliers, covering **51.72%** of key suppliers

¹ For the details, please refer to the Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses issued by the Ministry of Finance and the Emergency Management

GOVERNANCE



COMPLIANCE OPERATION

20 companies with ISO 37301
Compliance Management System certification

46,238 people who received
anti-corruption training;

188,600 hours
of anti-corruption training

1,016 patents, trademarks and copyright applications

The Smart Legal Compliance System integrates

118 contract-related processes across the entire Group,
identifying over **90%** of contractual risks and
increasing review efficiency

FY2024/25 MILESTONES

2024 May

The renowned Asian financial magazine The Asset announced the results of the “The Asset Triple A Treasuries Awards 2024.” China Gas’s “Ran Yitong” won the “Best Solution – Supply Chain China” award, marking the recognition of the collaboration’s achievements by an international authoritative institution.



2024 June

The 10th China Smart Gas Development Forum, organised by the China Urban Gas Association and hosted by the Intelligent Gas Network Committee of the China Urban Gas Association and the Sichuan Gas Association, was held in Chengdu. The Jinghu Technology Government and Enterprise Gas Digital Supervision Platform won the award for Outstanding Case.

2024 August

The chemical testing laboratory jointly established by Jiangsu China Gas Extended Storage Co., Ltd. and Taizhou Customs Comprehensive Technical Centre has successfully passed the CNAS laboratory evaluation and received the laboratory accreditation certificate from the China National Accreditation Service for Conformity Assessment (CNAS). This officially elevates the laboratory to the ranks of CNAS-accredited laboratories.




2024 October


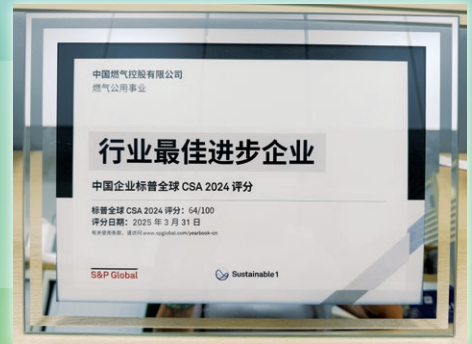
The 20th China Civil Engineering Zhan Tianyou Award Ceremony was grandly held in Suzhou, Jiangsu. The Wenzhou Xiaomen Island Liquefied Petroleum Gas Storage and Distribution Base, constructed and operated by China Gas Holdings Limited, won the Zhan Tianyou Award for its outstanding quality and innovative technology.

ACCOLADES

During the fiscal year, China Gas received numerous accolades for its investment and achievements in ESG issues. Below are some accolades won by the Group.



**Chinese Enterprise S&P Global CSA 2024 Score:
Industry's Best Improver**



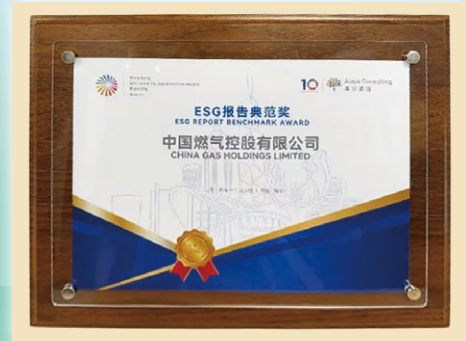
**Chinese Enterprise S&P Global CSA 2024 Score:
Top 10%**



**BDO 2024 Environmental, Social, and Governance
(ESG) Awards – Best Report Award**



**HERA 2024 ESG Report Excellence Award**



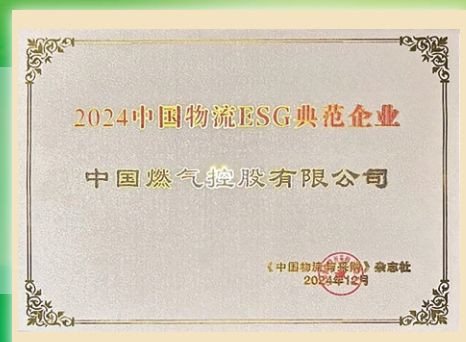
**HERA 2024 ESG Financing Excellence Award**



**GuruClub "Jinge Award" – 2024 ESG Sustainable Development Outstanding Enterprise**



**2024 China Logistics ESG Model Enterprise**



MESSAGE FROM THE CHAIRMAN



Over the past year, the global landscape has continued to shift dramatically. Facing economic headwinds and a complex international environment, we have remained committed to our mission: *Converging in Harmony and Benefiting Communities*. While strengthening our core gas business, we've accelerated our strategic transformation – systematically advancing sustainable growth through a combination of modern governance, systematic risk control, smart services, long-term safety, clean energy use, and collaborative partnerships. In the face of challenges, we've built resilience and uncovered new opportunities for long-term value creation.

Strong Governance as the Foundation. Robust corporate governance is at the heart of China Gas. We continue to refine our “Shareholders-Board-Supervisors-Management” governance structure. To embed ESG more deeply into our strategy and operations, we have strengthened the supervisory role of the Board’s Sustainable Development Committee. With the Board of Directors as the highest decision-making body, we have established a Group-wide sustainability management framework, bringing climate-related risks and opportunities into all levels of decision-making, and have incorporated ESG metrics into annual performance evaluations to ensure alignment with long-term goals.

Risk Management for Long-Term Stability. We take a zero-tolerance approach to compliance breaches, continuously improving our risk management systems. We've built a three-tiered risk management system covering operations, functional oversight, and independent supervision. In FY2024/25, we became an Executive Council Member of the Anti-Fraud Alliance, contributing our innovations in smart auditing and digital risk alerts to help build a cross-sector anti-fraud ecosystem.

Customer-Centric Services Powered by AI. Putting customers first, we continue to enhance our products and services, driving the Group’s transformation from conventional gas operations to smart, digital solutions. We’re expanding AI applications in gas operations and have launched integrated digital platforms such as our Smart Gas Integrated Operation Management and Control Platform and the China Gas+ App. This year, the China Gas+ CRM system achieved full frontline coverage, integrating payment and service records to create 360° customer profiles. Our AI-driven alert system now detects abnormal gas usage, proactively identifying safety risks and improving customer satisfaction by 8% year-on-year.

Safety as a Non-Negotiable Priority. Safety is the cornerstone of our public service. We've set ambitious "Zero Violations, Zero Injuries, Zero Accidents" targets, including contractor operations. To achieve these goals effectively, we have continued to pursue dual internal and external system certifications, focusing on safety inspections and hazard rectification. This fiscal year, we completed HSE audits for 455 project companies and conducted 262 surprise inspections. We also inspected and rectified risks across 1,418 stations and 385,000 km of pipeline, ensuring dynamic and immediate response for all identified hazards.

Accelerating the Green Transition. We take pride in our leadership in methane emissions management, aligning with global best practices in support of China's dual carbon goals. Following the release of our Carbon Neutral Action Report, we have continued expanding our integrated energy portfolio. In FY2024/25, we launched 11 projects in cities such as Beijing, Tianjin, and Shanghai, serving 589,000 m² across residential communities, office buildings, sports venues, nursing homes, and other diversified scenarios.

Creating Shared Value Through Partnership. We prioritise collaboration with employees, suppliers, and communities. For talent development, we've built a structured, multi-level training system across eight regional training centres. In supply chain management, we launched an online supplier platform to improve coordination and operational efficiency. In community engagement, we piloted a "Gas Safety Supervisor" initiative – inviting residents to participate in safety oversight and fostering a new model of joint governance.

Transformation brings opportunity, and responsibility drives progress. Embracing the global energy transition, China Gas will continue to optimise the energy value chain and pursue harmony between energy development and environmental stewardship. We look forward to deeper collaboration with partners around the world to make contributions to economic and social development and a better life for humanity.

1

COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT



- 1.1 Corporate Governance
- 1.2 Sustainability Governance
- 1.3 Compliant Business Operations

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

PERFORMANCE HIGHLIGHTS

- 10 additional companies with the ISO 37301 certification of compliance management systems
- 46,238 people who received anti-corruption training and 188,600 hours of anti-corruption training
- A cumulative total of 1,016 patents, trademarks and copyright applications
- The Smart Legal Compliance System integrates 118 contract-related processes across the entire Group, identifying over 90% of contractual risks and increasing review efficiency.

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Economic performance
- Corporate governance and operational compliance
- Anti-competitive behaviours
- Business ethics and anti-corruption
- Protection of intellectual property rights
- Protection of customers' information and cybersecurity

China Gas has consistently upheld high standards of corporate governance, continuously strengthening its governance framework and enhancing its risk management system. In daily operations, we strictly adhere to business ethics, uphold principles of integrity-driven operations and transparency, prioritise intellectual property protection and information security safeguards, and fulfill corporate responsibilities to ensure the protection of stakeholders' interests. These efforts drive the harmonious and sustainable development of the economy, environment, and society.



1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.1 CORPORATE GOVERNANCE

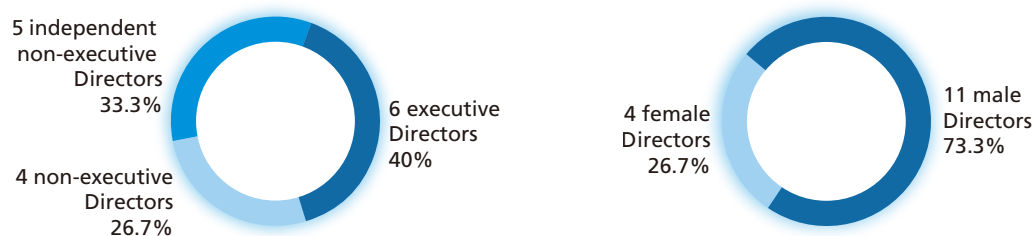
1.1.1 Board Management

China Gas strictly adheres to the principles and provisions of the *Corporate Governance Code* set out in Appendix C1 of the *Rules Governing the Listing of Securities* on the Stock Exchange of Hong Kong Limited, continuously refining its corporate structure and governance practices. By the end of the Reporting Period, the Board has established five committees under its authority: the Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee, and Corporate Governance and Risk Control Committee (CGRC). These committees are responsible for overseeing the Company's strategic direction, setting and monitoring progress toward objectives, establishing governance practices and policies, and reviewing internal control and risk management systems.

China Gas has established a *Board Diversity Policy*, adopting a holistic approach to nominating and appointing Board members by considering diverse criteria such as gender, age, ethnicity, industry expertise, and cultural/educational backgrounds. This ensures the Board possesses the varied skills and experiences required across business domains while prioritising gender diversity by actively promoting female leadership. The Company are committed to appointing at least two female Directors to the Board, in alignment with our existing Board Diversity Policy. The Board members' expertise spans energy and environment, economics and finance, strategic investments, and more. Notably, non-executive Directors Mr. Xiong Bin, Mr. Ayush GUPTA, and Ms. Zhou Xueyan possess energy sector experience, while several Directors have extensive governance experience in risk management. The Group continuously evaluates and monitors opportunities to enhance Board diversity, further elevating corporate governance standards.

As of the end of the Reporting Period,

there were 15 Directors on the Board of China Gas, including:



1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.1.2 Remuneration and Sustainability Performance

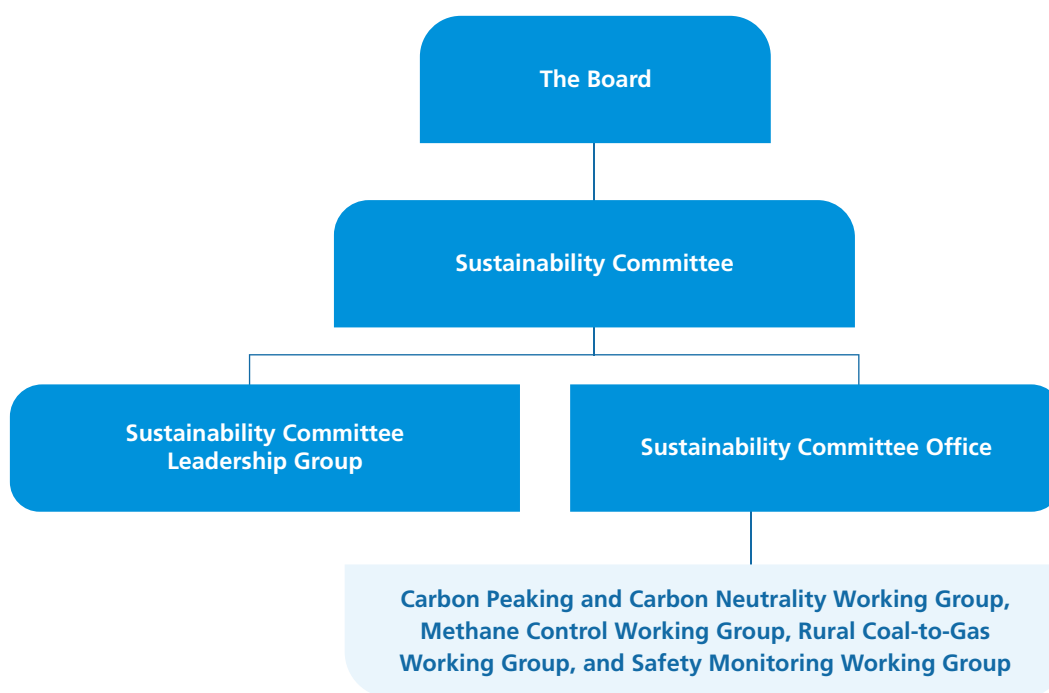
To further integrate ESG principles into the Group's strategy and operations, China Gas has incorporated ESG-related performance indicators, including operational safety, carbon reduction, energy conservation and emission reduction, and technological innovation, into the annual performance targets for Directors and senior management. The achievement of these indicators directly impacts the annual value creation assessment outcomes, which are linked with the performance and remuneration of Directors and senior management.

For functional departments, regional management centres, operating groups, and project companies, China Gas has integrated ESG-related indicators such as carbon emission management, environmental and health safety, renewable energy usage, customer satisfaction, anti-corruption and compliance operations, governance of climate risks, and ecological environment and biodiversity protection into the annual target responsibility agreements of respective organisations. These indicators influence organisational performance and monetary incentive allocations for departments through direct and indirect linkages, ensuring the effective implementation of key ESG objectives and strengthening grassroots capabilities in sustainable governance.

1.2 SUSTAINABILITY GOVERNANCE

1.2.1 Sustainable Development Management System

China Gas has placed sustainable governance at a strategic priority within its long-term corporate strategy and established a comprehensive sustainable governance framework. The Board and its Board-level Sustainability Committee are responsible for formulating and overseeing the Group's sustainable development strategies and initiatives. They also coordinate and supervise sustainability and climate-related management efforts to ensure that the Group's actions in sustainable development and climate change risk management align with its long-term strategic direction.



China Gas's Sustainable Governance Structure

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

China Gas has established a Sustainability Committee at the Board level, currently chaired by Dr. MA Weihua, an independent non-executive Director. Members of the Committee include Mr. LIU Minghui (Executive Director, Chairman of the Board, and President of the Company), Mr. ZHU Weiwei (Executive Director and Chief Operating Officer), and members from the Audit Committee and the Corporate Governance and Risk Control (CGRC) Committee. The Committee is tasked with leading and guiding the Group's sustainability governance initiatives.

At the executive level, the Group's sustainability efforts are overseen and supervised by the President and the core management team (CMT). Additionally, the Sustainability Committee oversees a Sustainability Leadership Group and a Sustainability Committee Office (including the Carbon Peaking and Carbon Neutrality Working Group, Methane Control Working Group, Rural Coal-to-Gas Working Group, and Safety Supervision Working Group). The head of the Sustainability Leadership Group is appointed by the President to assist in managing, coordinating, and executing the Group's sustainability initiatives.

Sustainability Committee Leadership Group	Sustainability Committee Office
<ul style="list-style-type: none"> • Oversee overall sustainability planning under the leadership of the Board • Identify and assess sustainability issues, risks and opportunities • Explore sustainability policies and strategies • Review and evaluate the Group's sustainability performance • Review and optimise the Group's sustainability management and structure • Supervise and review the performance of the Sustainability Committee Office • Convene meetings to review the Group's sustainability performance and identify items for improvement 	<ul style="list-style-type: none"> • Allocate resources and coordinate the tasks of the sustainability departments • Perform daily tasks related to the Group's sustainable development including data collection, reporting, analysis, and auditing of environmental, social, and governance information • Maintain close contact and communication with the Group's stakeholders • Organise meetings to discuss sustainability report work and review any identified deficiencies • Report relevant work progress to the Sustainability Committee

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Carbon Peaking and Carbon Neutrality Working Group	Methane Control Working Group	Rural Coal-to-Gas Working Group	Safety Monitoring Working Group
<ul style="list-style-type: none"> Assessing the Group's total greenhouse gas emissions and establishing achievable carbon peaking and carbon neutrality goals Reviewing the Group's GHG emissions and its implementation of emission-reduction measures for the fulfilment of dual carbon goals Exploring new business opportunities in the carbon peaking and carbon neutrality field and identifying potential areas for business growth 	<ul style="list-style-type: none"> Verifying the Group's overall methane emissions and setting targets for methane emission reduction Conducting physical testing and research on methane emissions at the Group's gas facilities and collecting materials of methane emission factors in city gas industry to improve data Transparency Joining methane emission reduction alliances and organisations to gain industry expertise Analysing advanced methane emission reduction technologies and updating the Group's implementation plan Developing technical standards for methane emission reduction to drive industry advancements 	<ul style="list-style-type: none"> Formulating policies and strategies for the Group's rural gas market development Coordinating user installations and monitoring progress towards installation Targets Addressing market-oriented gas pricing and pass-through issues and other urgent and challenging issues in rural areas Establishing a market-oriented training system and enhancing business Capabilities Monitoring changes in the macro-economy, gas industry policies, upstream to downstream industries, retail users and more, to explore policy supports and market opportunities for China Gas's rural business growth 	<ul style="list-style-type: none"> Identifying national laws and regulations, policy requirements, rules and regulations related to safety, formulating safety principles, plans and standards in line with China Gas' actual situation, and leading the Group's continuous improvement in safety, as well as inspecting health and safety violation incidents towards better safety and regulation violation inspections Collecting and analysing data on production safety, environmental protection, quality, and occupational health Incidents Overseeing the Group's quality control and environmental protection, occupational health management Coordinating safety management activities, conducting inspections, assessments, training, providing guidance and services, and overseeing and collecting information of safety activities

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

During the financial year, the Board and its Sustainability Committee convened four meetings, focusing on in-depth discussions of climate and environmental governance, health and safety, and governance-related topics. Key agenda items included reviewing the annual ESG work plan, approving ESG performance-incentive linkage schemes, and finalising the ESG reporting framework. To actively respond to capital market demands and uphold our commitment to sustainability, the Group has participated in internationally recognised ESG ratings such as Morgan Stanley Capital International (MSCI), CDP environmental disclosure, and S&P Global Corporate Sustainability Assessment (CSA) for consecutive years. In the latest rating cycle, the Group ranked in the top 10% of Chinese enterprises in the S&P Global CSA 2024 scoring and was awarded the title of “Best Progress Enterprise” in its industry. Additionally, the CDP environmental disclosure rating improved from C to B, reflecting the Group’s steady enhancement in ESG management and rating performance.

1.2.2 Statement of the Board

In compliance with the *HKEX ESG Reporting Code*, China Gas has established an effective ESG management framework and continues to strengthen its governance structure. The Board is actively engaged in ESG-related matters to foster long-term development.

Board Oversight of ESG Matters

The Board holds ultimate responsibility for the Group’s ESG affairs and decision-making. A Sustainability Committee has been set up under the Board, supported by the Sustainability Committee Leadership Group (the Leadership Group) and the Sustainability Committee Office (the Office). The Leadership Group identifies key ESG risks and opportunities, monitors performance, and reviews and approves the Group’s sustainability reports and ESG-related policies. The Office handles resource allocation, day-to-day implementation and coordination of sustainability initiatives.

Board-established ESG Governance Framework and Approach

The Group takes ESG risks seriously and considers industry practices, regulatory requirements, and macro policies in its risk analysis. A climate reporting mechanism is in place, with designated individuals or committees responsible for managing climate-related risks and impacts. The Group also engages regularly with stakeholders and conducts annual materiality assessments to prioritise key sustainability issues. The Board participates in these assessments and helps shape the Group’s ESG strategy and goals.

Board-conducted Progress Review against ESG Goals

To ensure ESG targets are effectively met, the Board has authorised the Sustainability Committee to regularly review progress, assess and adjust ESG objectives, and respond to changes in the external environment and business operations. For FY2024/25, under the Board’s guidance, the Group continues its ESG data collection and disclosure efforts. This report presents a comprehensive overview of the Group’s ESG performance during the period.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.2.3 Stakeholder Engagement

At China Gas, we continuously improve our stakeholder engagement mechanisms and have introduced a *Policy on Stakeholder Engagement* (For further details, please refer to the Group’s official website: www.chinagasholdings.com.hk). Our communication practices are guided by four core principles: inclusiveness, materiality, responsiveness, and impact. When shaping our sustainability roadmap, we incorporate feedback from various stakeholders to develop a comprehensive and practical strategy.

To ensure effective dialogue, we maintain open, ongoing, and interactive communication with stakeholders. China Gas offers a centralised customer service hotline, and an online reporting centre embedded in our official WeChat account. Stakeholders can file complaints or raise concerns through these channels, which are tracked and handled in accordance with our established customer service procedures. We also regularly organise and actively participate in forums, meetings, and discussions with key stakeholders – including government agencies, regulators, corporate clients, and community representatives – to foster mutual understanding and collaboration. Furthermore, we conduct gas safety and usage training for local communities and users, enhancing their awareness and strengthening their engagement through capacity-building initiatives (For further details, please refer to Chapter 6).

Major stakeholders of China Gas include shareholders, investors, creditors, financial analysts, employees, government authorities and regulators, community organisations, customers, business partners, and suppliers. We engage with each group through appropriate communication channels to better understand their expectations and respond proactively to their concerns.

Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Shareholders, investors, creditors, and financial analysts	<ul style="list-style-type: none"> General meetings Annual reports, interim reports, announcements & circulars Investor roadshows Investor/analyst/creditor briefings Site visits for investor/analyst/creditor Phone/email communications 	<ul style="list-style-type: none"> Strong financial performance Sustained and stable Growth Clear operational strategy Robust Corporate Governance Timely and Accurate Disclosures 	<ul style="list-style-type: none"> Maintain sound profitability & competitiveness Continuous enhancement of corporate governance Disclosure of regular business updates

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Employees	<ul style="list-style-type: none"> Working sessions/ thematic meetings Training programmes Staff representative assemblies Internal publications Team-building initiatives Face-to-face meetings Grievance mailbox WeChat groups, official accounts, and office software 	<ul style="list-style-type: none"> Equal employment opportunities Transparent career development pathways OSH-compliant workplace Comprehensive training framework 	<ul style="list-style-type: none"> Diversity recruitment drives Staff events Employee health & well-being initiatives Training programmes Blended online and offline learning platforms
Government authorities and regulators	<ul style="list-style-type: none"> Technical symposia & research forums Environmental impact assessment reports Environmental monitoring reports Daily reporting and communication Industry association engagements Relevant forums and exchanges On-site inspections Phone/email communications 	<ul style="list-style-type: none"> Daily communication Information reporting Regular inspection Special reports Public-private partnership initiatives Participation in policy formulation 	<ul style="list-style-type: none"> Enhanced safety standards Strengthened risk management Full compliance with relevant laws and regulations Business practices aligned with industry needs and regional economic development Deployment of safe/stable/efficient energy solutions Proactive response to government policies

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Business partners and suppliers	<ul style="list-style-type: none"> • Supplier conventions • WeChat groups and official account • Supplier training programmes • Strategic partnership programme • Supplier performance review meeting • Phone/email communications 	<ul style="list-style-type: none"> • Transparent procurement procedures • Localised sourcing strategy • Fair and transparent bidding process 	<ul style="list-style-type: none"> • Fair bidding processes • Supplier capacity building programmes • Constant polices improvement • Enhanced operational efficiency
Customers	<ul style="list-style-type: none"> • Telephone hotlines • Community-based service stations • Digital customer service platforms • Customer satisfaction surveys • WeChat groups and official accounts • China Gas "Smart Living" platform 	<ul style="list-style-type: none"> • Safe and reliable energy supply • High-quality, efficient services 	<ul style="list-style-type: none"> • Regular customer safety inspections • Prompt response to customer needs • Excellent customer service experience • Ongoing customer satisfaction surveys
Community organisations	<ul style="list-style-type: none"> • Press releases and public announcements • Community promotional campaigns • Public safety awareness campaigns • Volunteering activities in support of social welfare • On-site visits and tours • Stakeholder engagement framework 	<ul style="list-style-type: none"> • Safe and secure operations • Support for community development • Active involvement in public welfare • Promotion of social harmony • Contributions to public welfare 	<ul style="list-style-type: none"> • Philanthropic contributions • Active engagement in public welfare • Strategic community development initiatives • Targeted poverty alleviation initiatives • Active participation in community volunteer programmes • Organising charitable and environmental initiatives

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.2.4 Materiality Assessment

China Gas conducts materiality assessments at least once a year, using methods such as surveys, departmental interviews, media monitoring, trend analysis, and research to identify and update key sustainability issues relevant to China Gas's operations and stakeholders. In FY2024/25, the Group implemented the following key steps in its materiality assessment process.

Step 1: Identify sustainability issues	In FY2024/25, China Gas conducted a comprehensive review and update of its list of sustainability issues. A total of 29 issues were identified, all closely linked to the Group's operations and impacts. These issues span six key areas: economic performance, environment, society, employees, customers, and governance. The analysis was informed by ongoing engagement with various stakeholder groups.
Step 2: Conduct materiality analysis	<p>To gain deeper insights into market trends and the perspectives of both internal and external stakeholders – and to identify the most relevant material issues – we conducted a comprehensive analysis from three dimensions: stakeholder engagement, peer benchmarking, and industry development trends.</p> <p>Regarding stakeholder engagement, with support from independent consultants, we carried out in-depth interviews with internal stakeholders. These dialogues enabled us to gather and evaluate stakeholder feedback, and to better understand their expectations, views, and suggestions on ESG-related topics, which informed our identification of material issues. In March 2024, we distributed surveys to external stakeholders to enhance communication and gather their views on sustainability topics closely tied to China Gas's business development. Their input was incorporated into the analysis of material issues for FY2024/25.</p> <p>In terms of benchmarking analysis, we benchmarked the sustainability performance of peer companies and assessed capital market expectations for the gas industry. This ensured our ESG disclosures remain aligned with industry priorities and emerging trends.</p>
Step 3: Determine material issues	In FY2024/25, the Group integrated the identification and management of ESG issues into the enterprise risk management framework. The Board and senior management subsequently reviewed and validated the materiality of these issues – including their priorities, scope, boundaries, and completeness. Following independent third-party verification of the materiality analysis, these issues were formally confirmed and approved as the Group's material ESG topics.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Having identified stakeholders' key sustainability priorities, we benchmarked their concerns against industry peers and visualised the results in a materiality matrix. This dual-axis matrix evaluates issues based on their "Importance to Stakeholders" and "Importance to Corporate Development", ensuring balanced consideration of external expectations and internal strategic objectives. For FY2024/25, our analysis identified 29 material issues, which were quantitatively prioritised: 16 as highly material, 12 as material, and 1 as generally material. The following chapters detail China Gas's management approaches and performance metrics for these material issues.



1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Subjects	No. of issues	Issues
Customers	1	Safe and reliable gas supply
Governance	2	Corporate governance and operational compliance
Employees	3	Occupational health and safety
Customers	4	Customers' health and safety
Governance	5	Business ethics and anti-corruption
Employees	6	Employee rights and well-being
Employees	7	Training and development
Environment	8	Climate change and greenhouse gas emission management
Environment	9	Emergency preparedness and crisis response
Customers	10	Customer care and satisfaction
Environment	11	Resource and energy use efficiency
Customers	12	Product quality management
Society	13	Community relation management
Economy	14	Economic performance
Employees	15	Diversity, anti-discrimination and equal opportunity
Society	16	Support for local development
Economy	17	Market positioning
Customers	18	Supply chain management
Employees	19	Employee communication and satisfaction
Employees	20	Prevention of child labour and forced labour
Economy	21	Innovation and sustainable technologies
Governance	22	Anti-competitive behaviours
Environment	23	Effluents and waste management
Society	24	Respect the rights of local people
Environment	25	Management of projects under construction
Environment	26	Biodiversity
Customers	27	Protection of customers' information and cybersecurity
Environment	28	Water consumption and efficiency
Customers	29	Protection of intellectual property rights

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.3 COMPLIANT BUSINESS OPERATIONS

China Gas has implemented a comprehensive risk identification and management framework. We embed ethical standards across our operations through systematic business ethics policies. The group maintains robust intellectual property protection and enhanced information security protocols, strengthening overall compliance performance and operational excellence.

Annually, all employees are required to formally acknowledge compliance commitments under the *Code of Conduct for Compliance of China Gas*. During the reporting period, this was demonstrated through the signed *Employee Compliance Conduct Declaration* by 40,824 employees, achieving full coverage across all group operations. Furthermore, we continue to advance ISO 37301 certification of our compliance management systems. In FY2024/25, 10 additional subsidiaries were certified, bringing the total to 20 as of 31 March 2025 – representing approximately 5% of the Group.



ISO 37301 Compliance Certification – Guangzhou China Gas City Gas Development Co., Ltd.



ISO 37301 Compliance Certification – Jinan China Gas City Gas Development Co., Ltd.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

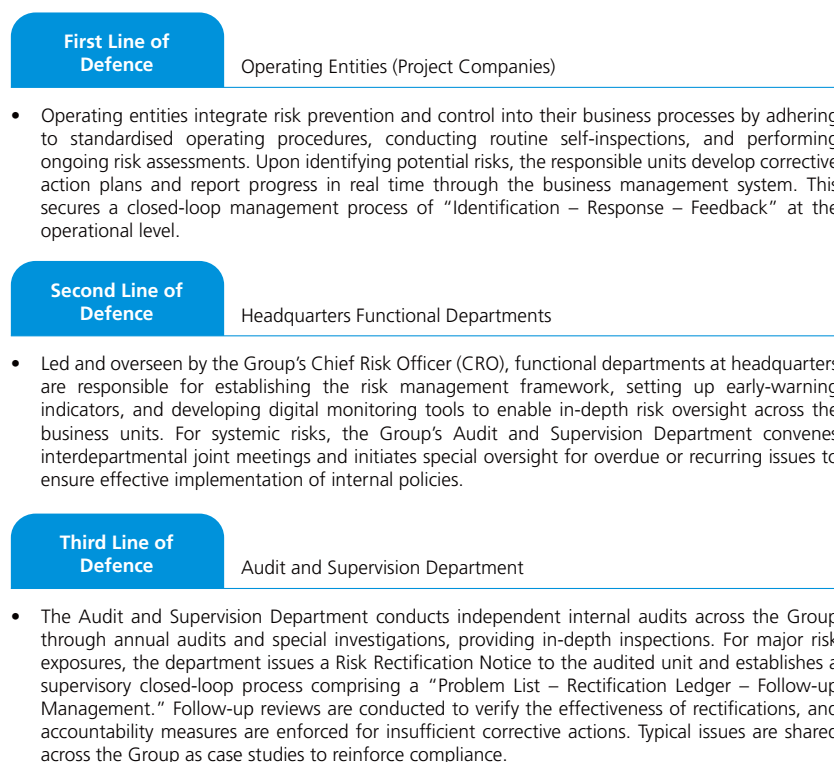
1.3.1 Risk Management

China Gas has implemented a comprehensive risk governance framework, comprising a *Comprehensive Risk Management System* and a *Risk Control Manual*, and clearly-defined risk reporting protocols. This framework strengthens our risk management structure by assigning tiered risk ownership across all organisational levels, standardising risk assessment and mitigation workflows, and conducting regular internal/external risk identification, evaluation, and response cycles. These approaches help systematically reduce our exposure to operational uncertainties.

Risk Governance Framework and Protocols

The Corporate Governance and Risk Control (CGRC) Committee, established by the Board, is tasked with supporting the Board in overseeing corporate governance and risk management related to the Group's operations and financial activities. The CGRC Committee is composed entirely of non-executive and independent non-executive Directors. To ensure objective oversight, the Committee leverages an independent internal audit function that operates separately from management. This function evaluates the effectiveness of the Group's internal control systems, including financial, operational, and compliance controls. The internal audit is carried out by the Audit and Supervision Department, which provides independent assurance to the Board and executive management regarding the adequacy and effectiveness of the Group's risk governance and compliance framework. Following an annual audit plan, the department conducts regular compliance assessments across various departments and projects to ensure robust internal controls are in place. Findings are reported directly to the CGRC Committee on a semiannual basis.

At China Gas, we've built a Three Lines of Defence risk management system, integrating: business operations as the foundation, functional controls as the core, and independent oversight as the safeguard. This approach enables full-cycle risk mitigation.



Three Lines of Defence risk management system of China Gas

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Starting from FY2024/25, China Gas will gradually establish an intelligent risk control and audit management system that closely integrates audit management, risk management, internal control, and supervision. This system will be interlinked with other business functions to create a comprehensive, group-wide risk prevention and control mechanism. The system will be equipped with risk control and audit models to enable real-time automated monitoring. At present, the Group has selected three critical business scenarios – safety inspections, procurement, and employee advances and receivables – as pilot areas. AI-powered risk control and audit agents are being developed to conduct real-time analysis and early warnings based on full-scope project company data. This will significantly reduce our potential risks and losses, while improving the efficiency, reach, and depth of risk control, auditing, and supervision.

Risk Identification and Mitigation Measures

At China Gas, we conduct annual internal risk self-assessments to continuously identify risk areas, define its risk appetite based on risk tolerance, and classify and prioritise risks according to their likelihood and potential impact. Each project company is assigned full- or part-time risk management personnel to ensure individual accountability and effective implementation of the risk management framework. During the reporting period, the Audit and Supervision Department coordinated with the eight regional management centres to carry out risk identification using the Group’s risk database. Risks were evaluated based on impact and likelihood, and categorised as general, significant, or critical. Major regional risks were identified, with targeted corrective measures developed accordingly. Progress is tracked and supervised through monthly regional risk control meetings to ensure all risks remain within the Group’s acceptable thresholds.

For further details on the Group’s risk management, please refer to the Annual Report released at www.chinagasholdings.com.hk.



Case: Risk and Compliance Awareness Month

In FY2024/25, China Gas launched a “Risk and Compliance Awareness Month” campaign, featuring an online knowledge quiz competition with prizes. The initiative received strong support from all eight regional management centres, specialised companies, and headquarters departments. Over 14,000 people participated directly, with 175 essay submissions and nearly 100 creative entries in the form of photos, posters, and videos. The preliminary round of the risk and compliance knowledge quiz attracted 14,428 participants. In addition, the Group conducted on-site training and seminars on “Risk Management Knowledge” across the eight regional management centres. Through diverse organisation-wide promotional efforts and comprehensive outreach activities, the campaign effectively enhanced employees’ awareness of risk and compliance, fostering a strong culture of risk control throughout the organisation.



Launch event for the “Risk and Compliance Awareness Month” campaign

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.3.2 Business Ethics Governance

China Gas is committed to building a reputable and ethical corporate image by upholding high standards of business ethics. The Group continuously improves its governance framework, conducts internal audits and inspections, maintains a robust whistleblowing mechanism, enforces integrity in procurement, and strengthens employee awareness of fair competition and business ethics through integrity education. As a Standing Council Member of the Enterprise Anti-Fraud Alliance, China Gas works closely with other members to foster a clean and transparent business environment.



China Gas as a Standing Council Member of the Enterprise Anti-Fraud Alliance

Governance Structure

The Group's business ethics and anti-corruption efforts are overseen by the board-level CGRC Committee and the Group's core management team, which make the highest-level decisions and implement supervision. An Anti-Corruption Leading Group, and its Office (the "Anti-Corruption Office") under the Audit and Supervision Department, are responsible for supervising anti-corruption efforts and investigating related cases, respectively. All corruption cases are investigated by the Audit and Supervision Department and submitted to senior leadership with corrective action and accountability recommendations. The roles of Integrity Inspection and Affairs Officers have been established to carry out supervisory duties and maintain close coordination with the department.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Policy Framework

China Gas complies with the *People's Republic of China's Anti-Unfair Competition Law, Supervision Law, and Anti-Monopoly Law*, alongside *Hong Kong's Prevention of Bribery Ordinance*, and all other applicable laws in its operating regions. We have established a comprehensive internal business ethics and compliance framework, including the *Anti-Bribery and Anti-Corruption Policy* (For further details on the policy, please refer to our official website at www.chinagasholdings.com.hk), the *Compliance Code of Conduct of China Gas*, the *Internal Supervision and Reporting Management System*, the *Integrity and Diligence Manual*, and the *Bribery Management Implementation Measures of China Gas*. These policies clearly define expectations in areas such as anti-corruption, anti-fraud, anti-extortion, anti-discrimination, confidentiality, conflicts of interest, antitrust, anti-money laundering, insider trading, whistleblowing, and EHS standards. In FY2024/25, the Group strengthened its antitrust compliance framework by issuing the *China Gas Antitrust Compliance Management System*. This new system, implemented across 500 city gas subsidiaries, aligns with: the *Anti-Monopoly Law of the People's Republic of China*, the *Provisions on Prohibiting Abuse of Market Dominance*, the *Provisions on Prohibiting Monopoly Agreements*, the *Provisions on Review of Concentrations of Undertakings*, and other applicable regulations.

Whistleblowing and Non-Compliance Disciplinary Mechanism

The Group promotes accessible and transparent reporting channels through internal integrity training and communication materials. Employees, suppliers, contractors, and stakeholders are encouraged to report violations through WeChat, email, hotline, or mail. Independent channels are in place within each department to handle reports related to corruption or misconduct. Policies such as the *Whistleblowing Policy*, *Whistleblower Protection Policy*, and the *Internal Supervision and Reporting Management System* ensure a secure and confidential process. Reports are handled by the Anti-Corruption Office, which reports directly to the Group President and CEO to ensure independent handling and protect whistleblowers' privacy and safety. All handlers receive professional training, and any breach of confidentiality is subject to strict disciplinary measures or legal action. For further details, please refer to the Whistleblowing Policy available on our official website (www.chinagasholdings.com.hk).

The Group maintains a zero tolerance policy towards corruption. Behavioural standards for employees and external partners are defined in the *Code of Conduct for Compliance of China Gas*, the *Basic Code of Conduct for Employees*, the *Regulations on Red and Yellow Lines Management of China Gas*, the *Regulations on Employees' Reward and Punishment of China Gas* and other internal policies. These codes incorporate assessment metrics related to administrative compliance, antitrust risk, and corruption, thereby strengthening anti-corruption constraints and management of subsidiary units. Verified misconduct is met with financial penalties (e.g., salary deductions or reductions) and administrative sanctions (e.g., warnings, demerits, demotions, termination). Where criminal acts are involved, cases are referred to judicial authorities. Timely remedial measures are taken, including impact assessments and corrective measures for affected departments or entities. FY2024/25 recorded no cases involving bribery, conflicts of interest, money laundering, or insider trading at China Gas.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Internal Supervision and Audits

To ensure compliance with ethical standards, our Audit and Supervision Department and Legal and Compliance Department conduct regular audits and internal control reviews.

In FY2024/25, the Group introduced the *Internal Control Audit Guidelines of China Gas*, covering areas such as finance, operations, and business management. Routine business ethics and anti-corruption audits are planned every three years across all subsidiaries. As part of our compliance oversight we identify operational risks, develop rectification plans for violations, establishing interdepartmental communication mechanisms, and support resolution through targeted assistance. Progress tracking ensures timely closure of risks. During the reporting period, 116 subsidiaries were audited, and 153 past audit findings were reviewed.

In accordance with the *Code of Conduct for Compliance of China Gas* and business control directives, the Legal and Compliance Department integrated ethical standards into compliance assessments, establishing ESG-related performance indicators for 13 headquarters departments and eight regional management centres. These cover EHS laws, antitrust, labour practices, and ethics, with direct links to annual performance reviews and bonuses. In FY2024/25, the department also updated the *Legal and Compliance Management System Review Standard of China Gas*, aiming for full Group coverage in three years. For identified issues, the department issued review reports with corrective action lists, specifying response deadlines and evaluating remediation results. Within the year, 101 project companies were audited covering: anti-dumping/countervailing measures & pricing practices, legal management, business licenses, and labour practices. Additionally, efforts were made to drive group-wide antitrust checks. The next fiscal year will target compliance reviews for 200 project companies with accelerated execution.

Integrity in Procurement

The Group enforces anti-corruption standards in procurement through internal controls, supplier due diligence, contract performance monitoring, and post-procurement reviews, thereby establishing a closed-loop governance system that strengthens internal discipline while imposing clean procurement covenants on suppliers.

➤ Employee Compliance

A *Procurement Accountability Pledge of China Gas* has been signed by relevant staff to reinforce internal discipline.

The Audit and Supervision Department conducts regular procurement audits and special investigations, enforcing disciplinary actions against violators to ensure transparent and traceable processes. To standardise procurement management, the Group launched a centralised procurement platform in FY2024/25, mandating that project companies purchase three product categories exclusively through the system: administrative office supplies, labour protection & PPE (Personal Protective Equipment), and manual tools. This ensures full spend traceability, source transparency, and pre-emptive risk mitigation.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

➤ *Supplier Requirements*

All suppliers are required to adhere to strict business ethics including anti-corruption and anti-bribery for cooperation with China Gas. Our *Supplier Qualification and Assessment Guidelines* and *Supplier Reward and Penalty Management Measures* explicitly prohibit bribery during qualification and bidding. Violators will be placed on a blacklist for three years, and must undergo on-site inspections before any reapplication is permitted.

All suppliers must sign the *Supplier Code of Conduct*, *Sunshine Audit Agreement*, and *Integrity Commitment*. Integrity promotion is a core topic during on-site inspections. To mitigate risks, an *Integrity Procurement Agreement for Supervision Projects* was introduced in FY2024/25, alongside two unannounced compliance audits. Contracts include integrity clauses and require declaration of any conflicts of interest through submitting a *Supplier and China Gas Interest and Affiliation Declaration Form*. Anti-corruption reminders are published on multiple platforms ahead of holidays.

Business Ethics Education and Awareness

To ensure the effective implementation of the Group's business ethics policies and management systems, China Gas places strong emphasis on the development of a culture of ethics and integrity. Regular training sessions on business ethics and risk control are conducted, covering the Board of Directors, management, and all employees, including part-time employees and contractors.

The Group requires all employees, including part-time and contractors, to complete online courses on the *Comprehensive Risk Management System* and the *Regulations on Red and Yellow Lines Management*. The business ethics requirements in *Procurement Code of Conduct* have also been integrated into the Group's e-learning platform. Additionally, we utilise key events such as the Youth Talent Programme, General Manager workshops, Customer Service Director Summit, project kick-off meetings, and procurement specialist trainings to conduct anti-corruption and business ethics training. These sessions ensure that all employees are familiar with the Group's code of conduct and anti-corruption policies, enhancing their understanding of the Group's requirements on business ethics and anti-corruption.

China Gas also takes measures to strengthen the integrity awareness of external partners. We conduct integrity training for all contractors and other business associates, requiring them to complete the training before engaging in any projects with the Group. Ongoing communication and regular briefings are used to ensure that they remain informed and compliant with the Group's anti-corruption requirements.

In FY2024/25, the Group delivered six training sessions and 39 courses on business ethics and integrity, with 179,650 enrolments totalling 7,619 hours of learning. The OA platform and "Integrity Ding Reminders" service account published 24 related articles, while the official WeChat account "Integrity in China Gas" shared 18 articles covering anti-corruption, risk management, and legal cases, reaching a total of 435,000 views. Collectively, these measures form an integrated, multi-channel awareness framework, fostering a culture of integrity throughout the Group.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT



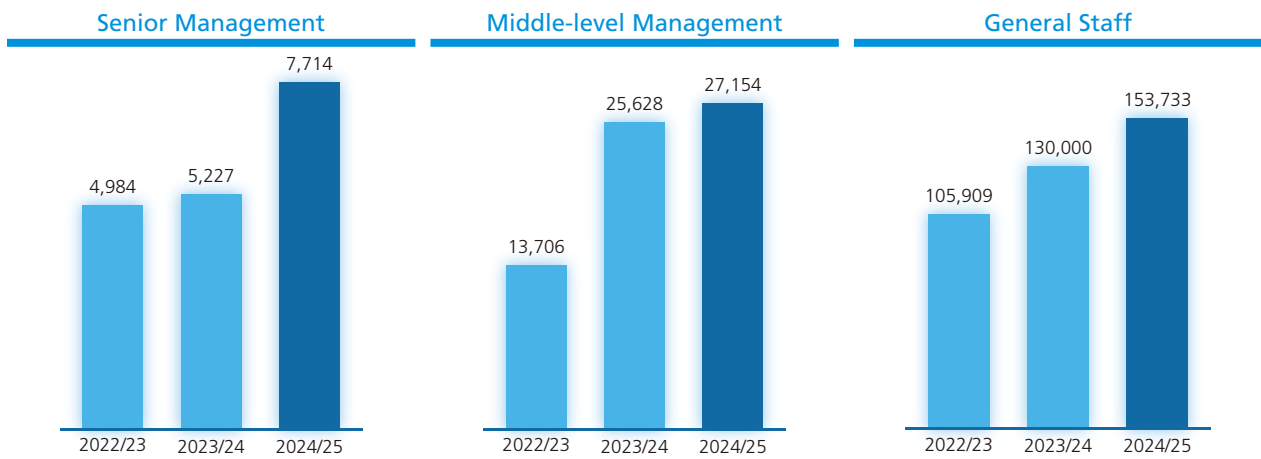
Case: Integrity Trainings for Procurement Specialists

To further raise procurement integrity awareness, the Group’s Tendering and Procurement Management Department and the Audit and Supervision Department jointly organised an anti-corruption and procurement code of conduct training in February 2025. Conducted in a hybrid format (online and offline), the training session engaged 382 participants. The Audit and Supervision Department led a session titled “Integrity as the Foundation for Professional Growth” delivering an in-depth explanation of each stage in the procurement lifecycle. The session clarified and reinforced compliance expectations, deepened participants’ understanding of procurement conduct standards and strengthened their awareness of ethical practices and risk prevention capabilities.



The anti-corruption and procurement ethics training for procurement specialists

Total Anti-Corruption Training Hours Hour/FY



1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

1.3.3 Intellectual Property Protection

China Gas attaches great importance to intellectual property (IP) protection, strictly complying with relevant laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. The Group continuously improves its IP management system, coordinated by the Legal and Compliance Department and the Culture and Public Affairs Department, ensuring each all business units maintain proper IP and trademark controls. The Group's *Basic Code of Conduct for Employees* explicitly prohibits copyright infringement or disclosure. The *Trademark Authorisation and Management Measures* issued by China Gas also clarifies the rules for trademark registration and use. Our subsidiary, Yipin Smart Living, has implemented its *Intellectual Property Management System*, which encourages patent application, establishes a filing and management system staffed with dedicated personnel. It also organises training sessions on patents to raise employee awareness. Through patent alert mechanisms and thorough patent searches, Yipin Smart Living mitigates infringement risks and ensures all core technologies are lawfully authorised. The subsidiary also actively pursues external certifications to enhance IP governance and corporate reputation. During the reporting period, Yipin Smart Living passed its annual IP management system review.



Intellectual Property Management System Certification of Yipin Smart Living



Case: Patent Knowledge Training

In September 2024, Foshan Yipin Smart Living Electric Co., Ltd. held an internal training session on patent knowledge, covering basic concepts, significance, mining techniques, and application processes. The training emphasised systematic patent mining to comprehensively safeguard technological innovation. This initiative improved employees' understanding of patent value and enhanced both the quantity and quality of patent applications, supporting the Group's IP strategy and management.



Patent training in progress

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

The Group fosters innovation by increasing research and development (R&D) investment and establishing a knowledge innovation reward system to expand its proprietary IP portfolio, thereby driving greater technological advancement and enhancing service quality.

Indicator	FY2024/25
Cumulative number of patent, trademark, and copyright applications	1,016
Innovative R&D funding	RMB150,447,367.04

1.3.4 Information Security and Privacy Protection

China Gas is committed to safeguarding the privacy and information security of all stakeholders by building a robust information security management system. We continually enhance security measures and provide regular training to improve awareness and capabilities across the organisation.

Information Security Management System

We strictly comply with relevant laws, regulations, and guidelines, including the *Cybersecurity Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Consumers*, the *Electronic Commerce Law of the People's Republic of China*, and the *Guidelines for Personal Information Protection on the Internet*. We have issued a *Privacy Policy* and related internal information security policies to establish a sound risk prevention and response mechanism. (For further details, please refer to our *Privacy Policy* at www.chinagasholdings.com.hk).

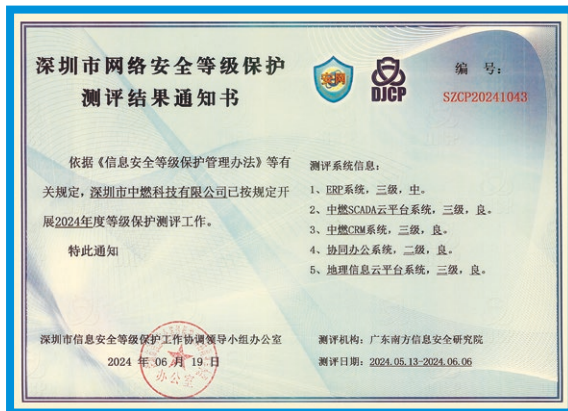
In FY2024/25, we updated the *Information Security Management Policy of China Gas* and the *Cybersecurity Emergency Response Plan of China Gas*, incorporating new data protection requirements. Implementation of our *Cybersecurity Management Standards* is now linked to employee performance assessments. Key performance indicators such as system downtime and vulnerability remediation rates are integrated into departmental evaluations. All suppliers are required to sign the *Information Security Responsibility Letter* to ensure the awareness and compliance with our policies.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

China Gas has achieved 100% ISO 27001 certification coverage for its information security management system. Independent third-party assessments were conducted on major platforms such as CRM (Customer Relationship Management) and OMP (Operations Management Platform), and multiple business systems have obtained Tier 3 cybersecurity certification under China's classified protection scheme.



ISO 27001 Information Security Management System Certification

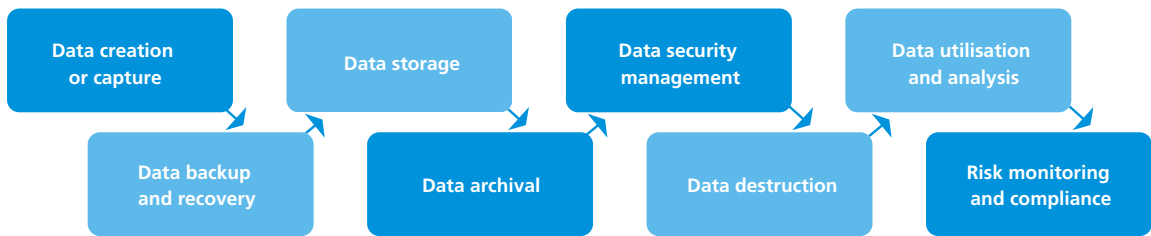


Cybersecurity Classified Protection Certification

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Information and Data Security Measures

At China Gas, we follow ISO 27001 standards to protect core data through encryption, firewalls, backups, and full lifecycle data management. Access to critical information is tightly controlled via established permission protocols and authentication systems to prevent unauthorised access and data breaches.



Data Full Lifecycle Management Process

In FY2024/25, we conducted two cybersecurity drills simulating data leakage, website defacement, and ransomware attacks. All simulated threats were successfully intercepted. We also participated in the cybersecurity drill of Luohu District, Shenzhen, and were recognised as an “Outstanding Defence Unit.” During the reporting period, all security vulnerabilities identified were fully resolved, with no data breaches or incidents affecting customer or employee rights.

1. COMMITMENT TO ROBUST CORPORATE GOVERNANCE AND RISK MANAGEMENT

Information and Cybersecurity Training and Awareness

China Gas holds an annual Cybersecurity Awareness Week and regularly carries out a range of training sessions. These include onboarding security training, all-staff awareness campaigns, and WeChat articles to enhance security awareness and emergency response capacity across the organisation. During the reporting period, the Group conducted cybersecurity awareness seminars and knowledge exams at both headquarters and regional subsidiaries. These initiatives aimed to elevate employee’s awareness, strengthen defence capabilities, and guarantee the operational resilience of critical infrastructure.

Case: 2024 Cybersecurity Awareness Week

In September 2024, China Gas successfully hosted the 2024 Cybersecurity Awareness Week with diverse sections, and effectively enhanced cybersecurity awareness of our employees.

The event included multiple interactive sections such as creative content submissions, quizzes, games and themed booths, offering employees a chance to experience and learn the importance of cybersecurity. During the event, the Group also organised an expert-led cybersecurity seminar, which was attended by employees both online and offline. The seminar focused on core topics such as cybersecurity awareness, phishing prevention, and cyber defence best practices. With in-depth discussions and sharing, this initiative significantly enhanced organisational cyber resilience, thereby safeguarding the Group’s digital transformation and sustainable development.



Cybersecurity seminar in progress



Creative works from the 2024 Cybersecurity Awareness Week

2

COMMITMENT TO QUALITY: PURSUING EXCELLENCE







SPECIAL FEATURE: AI EMPOWERING BUSINESS
QUALITY AND EFFICIENCY, ACCELERATING THE
FORMATION OF NEW PRODUCTIVITY

- 2.1 Premium Quality
- 2.2 Exceptional Service



PERFORMANCE HIGHLIGHTS

- 
 The deployment rate of Residential IoT meter network reached **39.7%**, while the deployment rate of the Industrial and Commercial IoT meter network reached **44.9%**
- 
 The centralised operation of the National Service Contact Centre produced a marked effect, forming the first industry-wide unified service management model
- 
 Promoting online closed-loop complaint management, increasing the **72**-hour complaint resolution rate by **18%**
- 
 The overall customer satisfaction score in FY2024/2025 reached **95.22**

SDG-aligned Topics Addressed in This Chapter

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 	

Material ESG Topics Addressed in This Chapter

-  Product Quality Management
-  Protection of customers' information and cybersecurity
-  Customer Care and Satisfaction
-  Protection of Intellectual Property Rights
-  Customers' Health and Safety
-  Innovation and Sustainable Technologies

China Gas maintains a quality-focused approach, continuously enhancing product quality and services. With the establishment of a comprehensive product quality management system and service assurance system, we promote quality control throughout the full process. Through innovation-driven upgrades in quality and services, we consistently improve the performance of our products and the experience of our services.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



SPECIAL FEATURE: AI EMPOWERING BUSINESS QUALITY AND EFFICIENCY, ACCELERATING THE FORMATION OF NEW PRODUCTIVITY

China Gas actively explores the innovative application of AI in the gas industry, has successively built digital system such as the smart legal compliance system, the smart gas integrated operation and management platform, China Gas+ APP, etc. These initiatives advance corporate management, operational excellence, and customer service as the Group transitions from traditional models towards smart digitalised operations.

Building a Smart Decision Hub for Operational Efficiency

In FY2024/25, China Gas launched the Smart Legal Compliance system, the Smart Business Travel Ecosystem and the Engineering Excellence Operational System. These systems empower corporate governance, business ethics and anti-corruption compliance, and carbon emissions management through advanced AI capabilities, delivering measurable gains in efficiency and oversight.

The Smart Legal Compliance System integrates 118 contract-related processes, covering all the group's non-personal business activities. Fully with ERP (Enterprise Resource Planning), CRM (Customer Relationship Management), financial sharing, procurement, LPG (Liquefied Petroleum Gas) and other systems, it enables integrated management of both business and financial data. Since its pilot phase (Jan-April 2025), over 10,000 contracts have been initiated. The platform consolidates legal, compliance and case management functions into a unified "contract-compliance-case" framework. Leveraging judicial data and AI, it conducts automated contract reviews, issues risk alerts and suggests revisions – identifying over 90% of contractual risks and increasing review efficiency by 30%, while greatly reducing legal risk exposure.



The smart legal compliance system

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



The Smart Business Travel Ecosystem reshapes conventional travel through three integrated modules: “resource integration – intelligent control – digital operations.” A full-process digital matrix enables streamlined “booking-approval-payment-reimbursement”, while embedded carbon tracking modules monitor real-time emissions from air, road and hotel bookings. This visualisation of individual emissions and departmental rankings supports the implementation of enterprise ESG strategy. The system’s triple-tiered control model oversees pre-trip budgeting, in-trip itinerary tracking, and post-trip auditing. Designed to keep violations rate under 3% annually, it applies dynamic difference algorithm and intervention mechanism. Through carbon data asset operation, the platform analyzes the data of innovative indicators such as green travel index and low-carbon behavior map, and generates carbon emission intensity reports in real time, providing a two-dimensional (economic+environmental) decision-making basis for optimizing procurement strategies, further promoting the three-dimensional value upgrade of enterprise travel management to “cost optimization – efficiency improvement – green development”, and delivering dual benefits for both the economy and the environment.



The Smart Business Travel Ecosystem

The Engineering Excellence Operational System, the Group’s first fully AI-powered platform, connects nine key systems, including OMP, ERP, and visual engineering tools. Built-in AI supports end-to-end project monitoring through an automated loop of indicator evaluation – issue identification – alerts – task assignment – result tracking.” This avoids delays and boosts operational responsiveness. As of 12 March 2025, pilot operations began in Nanning and Nanjing, encompassing project initiation, tendering, and both preliminary and detailed design stages.



Four core modules of the Engineering Excellence Operational System

Constructing a Smart Protection Network to Advance Intelligent Gas Operations

China Gas actively drives the development of smart gas and smart city systems, leveraging AI and other digital technologies to build an integrated smart gas operational control platform. The platform is applied across all business units, including production monitoring, safety oversight, equipment management, terminal operations, workforce coordination, and emergency response. It has been successfully implemented in projects such as the Yunmeng County Smart Gas Project, Hohhot Smart Gas Project, Hangzhou Smart Gas Pipeline Corridor General Management Platform, and Wuhu Smart Gas Project, thereby enhancing operational intelligence and ensuring the stable functioning of urban gas systems.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



Case: Yunmeng County Smart Gas Project

The Yunmeng County Smart Gas Project adopts a “one body, two sides” digital empowerment model, intelligently processing gas data via a fully digital platform. The system covers core operational functions such as pipeline network oversight, operational supervision, video surveillances, energy transmission and distribution, and customer service. It integrates bottled gas enterprise management systems, IoT-based sensing and monitoring, emergency coordination platforms, centralised video management, five core data applications via a centralised platform and N IoT sensing devices. With 554 IoT devices currently connected, the platform has achieved coordinated management across dispatching, daily monitoring, early warning, risk analysis, and comprehensive evaluation – laying the groundwork for a unified smart gas regulatory system.



Yunmeng County Smart Gas Management Platform



Case: Hohhot Smart Gas Project

The Hohhot Smart Gas Project applies AI-driven video systems, Internet of Things, big data, digital twin models, and GIS technology to deeply terminal sensing equipment with operational data. This enables a range of applications including the Hohhot Smart Gas Cockpit, smart stations and other control modules, delivering end-to-end optimisation from supply and monitoring to dispatch and maintenance. Smart stations feature AI-based early-warning models, big data analytics, combining digital Twin, GIS and other software technologies to build a 3D interactive platform, supporting real-time visualisation of station performance and safety. This significantly improves operational accuracy and safety outcomes.



Hohhot Smart Gas Management Platform

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



Case: Hangzhou Smart Gas Pipeline Corridor General Management Platform

This platform integrates three-dimensional geographic information, operational data, environmental feedback, safety mechanics, video monitoring, early warning signals, and administrative insights. Advanced technologies such as cloud computing, big data, and IoT are employed to enable system-wide integration between applications, network architecture, professional subsystems, IoT equipments, creating a real-time monitoring ecosystem that supports cooperative operation and supervision of gas corridors.



Hangzhou Smart Gas Pipeline Corridor General Management Platform

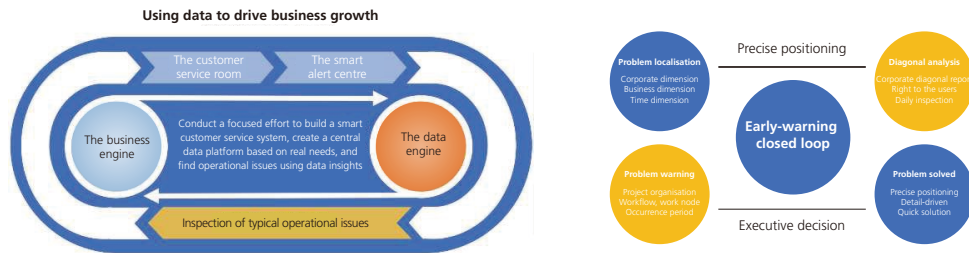
2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



Cultivating a Smart Service Ecosystem Through Intelligent Customer Interaction

China Gas continues to advance AI applications within smart customer service, develops the China Gas+ CRM system which applies AI-based customer profiling models, and promotes safety devices such as gas alarms to drive value creation for the group itself, customers, and society.

In FY2024/25, AI was integrated into the existing CRM big data platform, establishing a smart customer service matrix covering nation-wide service contact centres, indoor safety, ignition maintenance, meter reading, complaint resolution, audit tracking, AI skill training, service knowledge bases and outlet management. Using an iterative strategy of “small models driving large models”, the system continuously improves algorithmic logic and process design. Key areas include security inspection and quality detection engines, unmetered usage tracking, gas load anomaly detection, and intelligent customer service matrix value system. The smart customer service matrix, we attain governability with setting up a data platform enables governance through quality control, operational refinement via process optimisation, and intelligence through 200+ AI-powered analytical models. By April 2025, full deployment of the smart customer service matrix had been completed across eight urban fuel business regions, with national expansion underway. The Group continues to enhance node-level management and evolve its smart service engines to achieve comprehensive online end-to-end oversight.



The Customer Service Matrix Management System

In March 2025, the China Gas+ CRM system completed full Group-wide deployment, achieving comprehensive coverage across all frontline business scenarios. The system is equipped with features such as smart mobile order creation, dynamic user profiles, and integrated smart navigation. By integrating gas usage data, payment records, smart meter readings, IoT sensor inputs, and service interaction logs, it enables the construction of a holistic customer portrait and enables one-click access to high-frequency users. As a result, workflow steps were reduced by 80% and the accuracy of work order information improved by 65%. The system’s embedded early warning function detects abnormal gas loads, automatically triggering outbound calls via AI-driven customer service. This resulted in an 8% increase in customer satisfaction, a 22% drop in complaints, and a rise in issue resolution rates from 65% to 89% for AI service channels.



China Gas + CRM system

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE



Additionally, China Gas proactively expands its portfolio of value-added services – such as smart kitchen solutions and gas insurance offerings – to drive the digital transformation of indoor gas infrastructure. These efforts support the development of an intelligent in-home regulatory ecosystem that enhances the Company’s smart service capabilities.



Case: Shenyang Indoor Gas Surveillance and Alarm Pilot Project

In FY2024/25, China Gas launched the Shenyang Indoor Gas Surveillance and Alarm Pilot Project, to support public safety governance through a dual approach of technological innovation and administrative modernisation. This project uses a self-developed digital regulatory platform to achieve the millisecond-level detection of gas leaks. By integrating the CIS (Corporate Identity System) and deploying a three-dimensional GIS-based visual management interface, the system offers dynamic monitoring and health analysis for over three-million-connected devices. It also provides in the industry-leading predictive fault diagnosis.

To date the project has created a large-scale safety shield by installing 2.976 million gas alarms, covering 87% of gas users across nine districts and two counties in Shenyang. The system issued 5,916 accurate gas leak alerts. Additionally, it has established digital service portals serving 87% of local users, laying a solid foundation for broader value-added services such as smart kitchens and gas insurance. Together, these initiatives showcase an integrated model of safety governance and commercial development.



Shenyang Gas Digital Regulatory Platform

China Gas will continue investing in AI research and expects AI penetration in core business to exceed 90% in the next three years. These efforts will further accelerate the Company’s digital transformation and solidify AI as a cornerstone of China Gas’s long-term strategy. By shifting from m “experience led” to “data driven” operations, the Company is setting a benchmark for a safe, efficient and green energy system of the future.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

2.1 PREMIUM QUALITY

China Gas upholds the highest standards of product excellence through a comprehensive quality management system and standardised inspection and assessment protocols. By tightly managing risk across the entire lifecycle – from procurement to delivery – we ensure dependable outcomes. Powered by innovation, we continually pursue upgrades to products and services, leveraging digital tools to advance the transformation of traditional gas operations. These dual engines of quality enhancement and technological innovation drive sustainable development for the Group.

2.1.1 Product Quality Management System

China Gas strictly complies with national standards, including *Natural Gas (GB 17820-2018)* and *Code for Design of City Gas Engineering (GB 50028-2020)*, integrates international standards like GB/T 19001-2016/ISO 9001:2015 and local best practices, and establishes a sound product quality management system. Annually, we conduct triple ISO certification (ISO 9001, ISO 45001, ISO 14001) for project companies across the Group, reinforcing the quality framework.

In Foshan, the Company established the Yipin Smart Living Laboratory to provide testing, inspection, R&D, and technical support for household products such as cookers, gas water heaters, wall-hung ovens, sterilisation cabinets, and ventilation hoods. Yipin Smart Living has built a documented quality system encompassing manuals, procedures, work instructions, regulatory guidelines, and tracking forms. The laboratory holds ISO 9001 certification from the China Quality Certification Centre and conducts internal audits and management reviews to ensure its system operates effectively. In FY2024/25, it passed the annual ISO re-certification and obtained three China Compulsory Certifications (CCC).



Yipin Smart Living Quality Management System Certification

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

2.1.2 Quality Inspection and Assessment

China Gas has established a robust quality control process, including standardised inspections and product recall mechanisms that manage quality across the full product life cycle. Notably, no product quality or safety incidents have occurred in the ten years since the Yipin Smart Living Laboratory was establishment.

Product Quality Inspection Process

Yipin Smart Living has developed documents including the *Yipin Smart Living Procurement Management Regulation*, the *Supplier Introduction and Evaluation Control Procedure*, and the *External Product, Service, and Process Control Procedure*. These and other supporting documents enable end-to-end quality oversight – from material sourcing and production to final warehousing, so as to realize the independent control of product research, production and sales. In FY2024/25, raw material qualification rates steadily improved, with zero mass reworks or quality events reported.

Product Recall Mechanism

China Gas has established the Product Recall Mechanism, with Yipin Smart Living emergency response team managing matters related to product recall. Meanwhile, we continue to improve institutional frameworks to strengthen the monitoring and traceability of defective products, enabling efficient and orderly execution. Yipin Smart Living collaborates with suppliers for recalls involving machines with critical quality issues to develop joint resolution plans. There were no product recalls in FY2024/25.

2.1.3 Product Innovation

China Gas positions innovation as the primary driver of development, continuously increasing R&D investment to advance innovations in gas businesses, particularly in safety monitoring and smart regulation. By enhancing the stability and security of gas supply, and actively expanding value-added products and services, it leverages technological innovation to elevate user experiences.

Digital Transformation

China gas actively drives the digital transformation of gas operations, leveraging digital technology to empower smart gas development. We have established the China Gas IoT Platform, combining the features of Narrowband IoT (NB-IoT) and operational practices of the gas industry to enable remote meter reading, self-service payments, real-time monitoring, and safety alerts. Through building an Engineering Excellence Operational System, we achieve a closed-loop project management system that significantly enhances both operational and service efficiency.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

➤ *IoT Platform*

In FY2024/25, we promote the Group's transformation from a traditional public utility provider to an energy services company through the development of a unified protocol IoT platform and a centralised billing platform, with comprehensive improvements in operational efficiency, user experience, commercial value, and social responsibility. To date, these platforms have been fully implemented and integrated with CRM, billing, and the big data platform, enabling end-to-end data flow from gas sourcing and distribution to metering and end-user consumption. Key advantages include remote device monitoring, rapid inspection on leakage and abnormal pressure, automated valve shutdowns, and alerts. We help customers manage gas bills via the mini-program "China Gas Online", this digital tool provides personal services such as real-time application queries and payments, using data-driven decision-making to secure our leadership in the digitalisation tide of energy industries. Current IoT deployments exceed 12 million meters: 11.91+ million residential units (39.7% residential IoT coverage) and 89,930+ commercial and industrial units (44.9% C&I IoT coverage).

➤ *Engineering Excellence Operational System*

China Gas has established an Engineering Excellence Operational Assessment System with a multi-dimensional indicator framework covering 219 KPIs across four modules: engineering, technology, operation, and smart application, ensuring a full coverage of business scenarios. In order to implement this system, we have created a closed-loop management mechanism of "self-assessment-review-rectification-improvement". By September 2024, we completed full-scale reviews at 386 project companies, identified 51 core indicators for prioritised monitoring and evaluation throughout the year, and launched targeted initiatives addressing 10 common critical issues to drive operational upgrades through the assessment framework. Concurrently, we advanced the assessment information system using a digital dashboard for trial operation in July 2024, followed by the launch of the Engineering Excellence Operational System in March 2025.

Value-added Products and Innovative Services

China Gas continuously innovates in value-added products and services, expanding coverage on the basis of its utility service network. We aim to achieve value creation for the Group, customers, and communities, transforming our traditional value-added services toward building a terminal brand image as a "service hub within a one-kilometre radius and upholder of community vitality". In FY2024/25, value-added services generate revenue of HK\$3,731,560,000, accounting for 4.71% of total income.



Case: Yipin Smart Living Laboratory Continues Advancing Patent Acquisition to Improve Innovation Capabilities

Yipin Smart Living has invested nearly RMB ten million in establishing a cutting-edge R&D and manufacturing laboratory, adhering to ISO 17025 and CNAS laboratory management requirements. The laboratory is equipped with 200+ advanced testing devices to provide inspection, testing, and R&D services, aiming to secure CNAS accreditation by FY2025/26. In FY2024/25, Yipin Smart Living Laboratory added performance and longevity testing benches for components including pressure switches, blowers, thermostats, proportional valves, and heat exchangers. It secured 6 new patents, accumulating 23 utility model patents, thereby continuously strengthening its R&D and testing capabilities.



Yipin Smart Living Laboratory Patent Certificates



Case: Advancing Smart Accommodation and Application of Security Features to Enhance Smart Management

China Gas continues to promote the adoption of smart indoor safety installations by phasing in gas meters with security features. These devices automatically trigger alerts and valve shutdowns during anomalies such as pressure fluctuations, gas leaks, or unauthorised meter removal. Project companies and users can view warnings and initiate immediate responses via China Gas Online, CRM, and IoT platforms, significantly enhancing smart management.

- In FY2024/25, China Gas launched pilot deployments of unified-protocol IoT security meters across multiple branches including Jiamusi and Tianjin Management Groups, installing 1.5+ million units. These generated 2.28 million security alerts, 1.57 million flow anomalies, 320 thousand leakage incidents, 40 thousand unauthorised disassembly attempts 50 thousand pressure exceptions and 300 thousand other anomalies, with 99.2% alert accuracy.
- In FY2024/25, we actively promoted old residential area renovation, accelerating technological upgrades for indoor gas infrastructure by replacing 970 thousand indoor gas meters and upgrading safety installations (auto-shutoff valves & alarms) for 1.54 million households.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

2.2 EXCEPTIONAL SERVICE

Embracing a “customer-centric approach”, China Gas establishes a robust service quality assurance system with defined goals to “build service foundations in Year One, achieve business integration in Year Two, and lead industry standards in Year Three.” By expanding value-added services, refining complaint handling processes, protecting customer privacy, and practicing responsible marketing, we comprehensively enhance customer service operations.

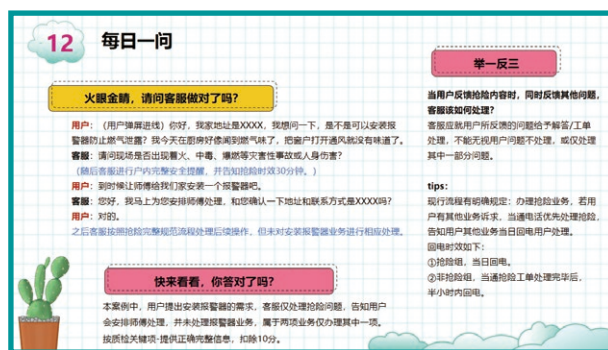
2.2.1 Service Quality Assurance System

China Gas strictly complies with national legal regulations including the Law of *the People's Republic of China on the Protection of Consumer Rights and Interests*, formulating internal policies such as *the Customer Service Management System* and *the Regulation on the Repair, Replacement, and Return Responsibility for Certain Goods* to standardise after-sales services, complaint handling, and emergency protocols. Throughout FY2024/25, we strengthened this service quality framework by optimising customer service functions, implementing a centralised management model, and achieving digital closed-loop complaints management.

Centralised Service Management

China Gas establishes the 95007 nationwide service hotline to create an integrated smart service platform delivering 24/7 omnichannel support across all scenarios for our customers. In FY2024/25, we centralised call centre operations to pioneer the industry's first consolidated service management model. This approach has achieved remarkable results in service efficiency and process optimisation: achieving 100% emergency response coverage via dual-centre redundancy and missed-call callback protocols, $\geq 98\%$ emergency dispatch response rate, 75.92% first-call resolution rate (7.14% year-on-year improvement); 30% reduction in online processing time for emergency dispatches and complaint work orders, 40% increase in work order handling efficiency through full-process digitalisation.

Additionally, we implement a cross-regional coordination mechanism and deliver specialised service standardisation training to continuously elevate service quality.



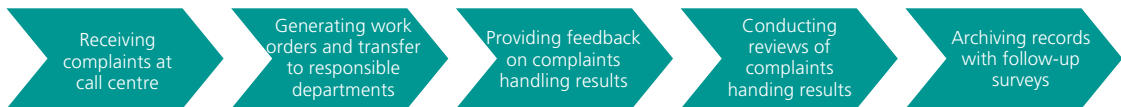
Specialised training in service standards

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

Complaints and Public Sentiment Management

China Gas implement a comprehensive customer complaint handling system utilising both online (national contact centre, official accounts/mini-programs) and offline (local hotlines, service centres) channels for rapid response. In FY2024/25, we issued *the China Gas Customer Complaint Management Regulations* and *Project Company Complaint Resolution Protocol V1.0*, establishing core principles of immediate logging, mandatory closure, error correction, and accountability enforcement. This drove closed-loop digital complaint management, achieving an 18% year-on-year increase in 72-hour case resolution. For public sentiment control, we standardised protocols by developing response templates and awareness materials, including *the IoT Meter Replacement Contingency Guidelines* and *Batch Meter Upgrade Risk Mitigation Manual*, enabling project companies to pre-emptively manage mass-replacement risks and reduce reputation hazards from inadequate preparedness.

During FY2024/25, the Group recorded 3,906 product and service complaints. When negative sentiment emerged around Liuzhou's IoT meter upgrades, headquarters deployed specialists to Southwest China Division for on-site support to local teams in sentiment crisis response, streamline operational workflows, collaborate with authorities on proactive communication, and finally successfully minimised reputational impact.



Customer complaints management process

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

Customer Service Accountability Mechanism

China Gas has established a three-tier accountability structure (direct responsible personnel-department heads-supervising executives) to clarify key service metrics and strengthen foundational management. In FY2024/25, we issued *the Customer Service Red and Yellow Line & Negative List Scoring Regulations*, implementing 20 policies for red/yellow boundaries for management staff with violating penalties including demotion or salary reduction; we also established negative listing management requirements for frontline agents, covering 51 key operation node including safety protocols, meter reading, work order handling, and complaint response. Violations are categorised into egregious, major, and minor tiers with differentiated scoring, integrating red/yellow line standards into a quantifiable evaluation framework. Multi-session training programs were conducted to institutionalise these requirements, elevating service governance precision.



Customer service operation management trainings

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

2.2.2 Customer Privacy Protection

China Gas strictly complies with privacy protection laws and regulations, embedding customer privacy into its group-wide risk and compliance management framework. The company has implemented comprehensive privacy safeguards, designating *Cybersecurity & Information Security Awareness Training* as a mandatory onboarding component for all headquarters new employees.

We established *the Code of Conduct for Compliance of China Gas*, mandating: "Prohibition of collecting entity or personal data through fraudulent, deceptive, or illegal means. All lawfully or contractually obtained data must be strictly confidential and never resold to third parties." Additional directives like *Notice on Standardising the Behaviour of External Provision of User Data Information* specify scenarios, recipients, and approval workflows for user data sharing. Gas supply contracts explicitly include user confidentiality clauses, while customers retain rights to determine data collection, usage and retention methods; provide or withdraw consent; request access, correction, deletion, or portability of personal data. For privacy breaches, customers may report via email or phone. China Gas enforces a zero-tolerance policy, including disciplinary actions against violators.

Customer Privacy Protection Management Measures	
Institutional Level	<ul style="list-style-type: none"> Establish a comprehensive customer information security management system, including management of employees' internet use, terminal security, document encryption, laptop security, backup management, and audit management, to ensure the security and confidentiality of customer information at all stages: collection, storage, processing, use, transmission, and disposal.
Technical Level	<ul style="list-style-type: none"> Use identity verification and access control technologies to ensure only authorised personnel can access customer information, preventing unauthorised access and data leaks. Deploy network security devices, such as firewalls and intrusion detection systems, to prevent network attacks and malware. Conduct regular security vulnerability scans and risk assessments to promptly identify and address potential security risks.
Employee	<ul style="list-style-type: none"> Strengthen employee awareness and training on information security to enhance understanding of the importance of customer information protection. Implement confidentiality agreements and assessment systems: require all employees to sign confidentiality agreements and regularly conduct information security assessments to ensure compliance. Enforce penalties for unauthorised disclosure of customer information according to the employee handbook, confidentiality agreements, and other regulations: depending on severity, impose criticism, warnings, demerits, probation, demotion, or termination. If disclosure causes financial loss, the responsible party must compensate for damages. Suspected criminal activity is reported to authorities.
Physical Security Level	<ul style="list-style-type: none"> Strengthen security management of data centres and office areas with access control and surveillance to prevent unauthorised access and damage. Ensure equipment security by regularly inspecting and maintaining computers, telephones, and other devices in call centres to prevent information leaks caused by equipment failures.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

China Gas's subsidiary Yipin Smart Living establishes a three-tier organisational reporting system with "strategic-executive-operational": the Data Security Committee oversees data security objective planning at the strategic level; the Digital Management Information Security Department formulates data security strategies, compliance frameworks, and policies at the executive level; operational teams including business, IT, human resources, procurement, legal, and public relations implement daily data security management. Yipin Smart Living formulates privacy protection policies such as the *Data Protection Policy of Yipin Smart Living*, *Yipin Smart Living Data Classification and Grading Management Measure* and *Yipin Smart Living Data Product Privacy Security Compliance Guidelines*. Supplier conduct is regulated through executed *Yipin Smart Living Partner Cybersecurity Accountability Commitment Agreements*. The *Yipin Smart Living Information Security Red and Yellow Line Management Policy* enforces a zero-tolerance principle, imposing penalties like warnings and fines for violations. Additionally, Yipin Smart Living undergoes Ministry of Public Security Tier-3 security assessments annually and conducts regular data security risk evaluations alongside Privacy Impact Assessments (PIA) on a regular basis.

For customer privacy, Yipin Smart Living implements a dual-notification mechanism: an initial *Privacy Policy* pop-ups during app launch detailing data collection types, followed by scenario-specific reauthorisation prompts. In this way, clear channels for complaints, data access, modification, and deletion are provided to safeguard customer rights. The *Yipin Smart Living Data Security Emergency Response and Handling Guidelines* define incident procedures, which are supplemented by regular emergency simulation drills.

2.2.3 Responsible Marketing

China Gas steadfastly upholds responsible marketing principles, strictly complying with *the Advertising Law of the People's Republic of China* and relevant regulations. Through innovative channels including short videos and livestreams, we deliver transparent, accurate, and comprehensible information to consumers, eliminating all exaggeration and deceptive content. Advertisements prioritise ethical and cultural values to prevent adverse societal impacts. For product labelling, we rigorously implement national standards by clearly displaying product name and model, technical specification, manufacture date, and producer identification, guiding informed decision-making and ensuring transactional fairness for our customers. During the reporting period, the Group received zero formal allegations of misleading service information or user fraud, no legal disputes related to marketing practices, and zero compliance violations in marketing operations.

2. COMMITMENT TO QUALITY: PURSUING EXCELLENCE

2.2.4 Customer Satisfaction Improvement

China Gas formulated *the China Gas Group Staff Service Code* to standardise customer service procedures, refine complaint management mechanisms, and conduct regular training to continuously enhance service capabilities.

Yipin Smart Living persistently upgrades customer engagement channels via WeCom and Social Customer Relationship Management (SCRM) functionalities, constructing a five-hub system: Task Centre, Messaging Hub, Commission Distribution, Advertising Platform and Customer Service Centre, thereby building a proprietary full-lifecycle private community operation framework. Leveraging SCRM tools including client management, bulk Moments updates, multi-recipient messaging, and employee-customer asset tracking, Yipin Smart Living has implemented precision management for employees and customers in FY2024/25, acquiring 1.12 million new customers, issuing over 2,000 sharing-task campaigns, and reaching 2.749 million cumulative contacts.

In FY2024/25, centralised national service centre operations and end-to-end digital complaint management significantly improved customer satisfaction at the Group's level. Quarterly surveys covering 163 project companies across eight regions achieved a 95.22 composite satisfaction score collected via 78.83% call-back evaluations and 21.17% SMS assessments.

	FY2024/25	FY2023/24
Number of project companies that conducted customer satisfaction surveys	163	163
Coverage of customer satisfaction survey (%)	100	100
Total number of satisfaction surveys	10,466	7,750
Survey result (score)	95.22	91.88
Satisfaction target (score)	88	/

3

SAFETY FIRST: ENSURING GAS RELIABILITY






SPECIAL FEATURE: TIGHTER CERTIFICATION AUDITS, STRONGER RISK FIREWALLS

- 3.1 Safety Management
- 3.2 Work Safety
- 3.3 Safety Technology
- 3.4 Capacity Building
- 3.5 Stakeholder Management
- 3.6 Reliable Gas Supply









PERFORMANCE HIGHLIGHTS

- 
102 project companies under the Group’s operational control collectively obtained three international certifications: ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health & Safety). These companies represented **53.77%** of the Group’s total revenue.
- 
146 project companies passed the China Gas HSE (Health, Safety, and Environment) Management System audits in this fiscal year.
- 
35,440 safety responsibility statements were signed in the reporting period, driving the compliance reporting rate up to **96.91%**.

SDG-aligned Topics Addressed in This Chapter



Material ESG Issues Addressed in This Chapter

-  Emergency preparedness and crisis response
-  Product quality management
-  Occupational health and safety
-  Innovation and sustainable technologies
-  Market positioning
-  Safe and reliable gas supply

Guided by our safety principles – “Prevention First, Safety Development” and “Leadership-Driven, Group-Wide Accountability” – China Gas is strengthening its safety management system through a Three-Year Action Plan for Special Rectification of Work Safety. We are increasing R&D investment in safety technologies, enhancing capabilities across all levels from leadership to frontline staff, and extending safety governance to supply chain partners. These efforts reinforce our commitment to a reliable and secure gas supply.

3. SAFETY FIRST: ENSURING GAS RELIABILITY



SPECIAL FEATURE: TIGHTER CERTIFICATION AUDITS, STRONGER RISK FIREWALLS

At China Gas, safety is more than a priority – it is a core value. We continuously strengthen both internal and external HSE management system certifications and actively carry out system audits to improve our safety governance framework. The Group also focuses on safety inspections and hazard rectification to comprehensively improve its ability to manage and prevent safety risks.

External Certifications to Enable Long-Term Resilience

China Gas has been steadily expanding external certification coverage across its operations. Since June 2021, the Group has implemented a full-scale HSE certification initiative at both headquarters and subsidiary project companies, covering core businesses such as city gas and liquefied petroleum gas (LPG). In FY2024/25, China Gas continued to conduct external certifications for project companies, adding 14 newly certified units under all three certification systems, primarily covering pipeline natural gas sales, as well as equipment operation and maintenance. As of March 2025, all 102 project companies under its control are certified under ISO 9001, 14001, and 45001, accounting for 53.77% of Group revenue.



ISO 45001 certification of
Baoshan China Gas



ISO 45001 certification of
Laibin China Gas



ISO 45001 certification of
Wuhua China Gas

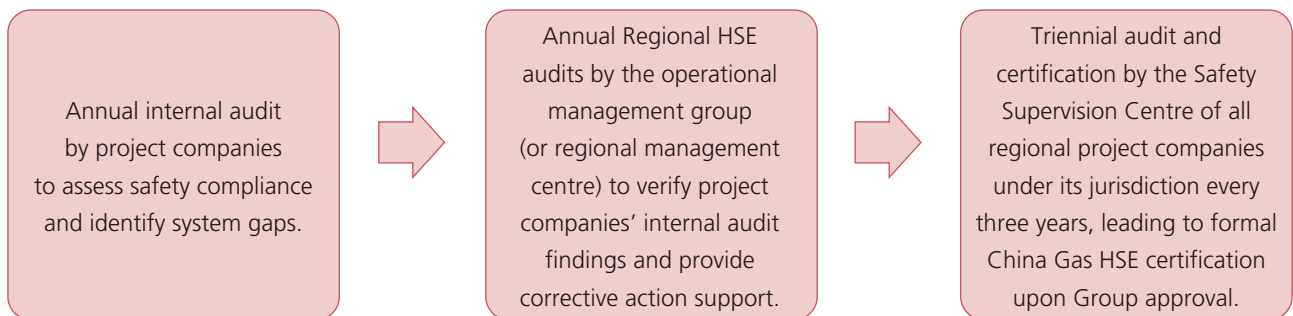
External verifications are conducted regularly to validate the policy and performance of the occupational health and safety management system and ensure its compliance with certification requirements. For project companies that have already obtained all three certifications or safety standardisation qualifications, independent third-party audits are carried out annually to audit implementation performance, including safety production policy establishment and execution. Project companies in the Group's city gas and LPG segments carry out safety assessments, occupational hazard checks, and occupational health screenings as required by law. All subsidiary project companies actively cooperate with various HSE inspections conducted by the government or authorised third parties.



Internal Oversight to Strengthen Operational Safety

Grounding in domestic and international standards, and reflecting our operational profile, China Gas has developed a refined and rigorous HSE Management System. Initially rolled out Group-wide in 2020, this system achieved full coverage for all operating units in FY2024/25.

To fulfil safety responsibilities and implement safety control measures, we conduct annual HSE management evaluations across all business units and project companies. Each year, certified project companies under the internal HSE system must undergo at least one comprehensive internal audit and management review.



China Gas HSE Management System Certification Process

In FY2024/25, we carried out two special trainings and four work meetings on certification and auditing, involving 183 project companies, with 146 passing certification. We also provided rating assistance, auditing 455 project companies and conducting 262 unannounced safety inspections. HSE empowerment training was delivered across multiple regions and business units (Southwest, Northeast, Central China, North China, Northwest and East China Regional Management Centres, and China Gas Energy Group), reaching 5,483 participants and completing 522 blind drills. This “rating + assistance + certification” model significantly enhanced project companies’ HSE performance, raising the Group’s B-level rating rate from 21.01% to 36.92%.



China Gas HSE System training



China Gas HSE Management System Certification

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Enhanced Home Safety Audits & Hazard Mitigation for Secure Operations

Leveraging digital tools, China Gas monitors in-home gas usage in real time to continuously advance safety inspections and rectification. We work closely with governments, communities, and residents to ensure home gas safety.

In FY2024/25, China Gas focused on critical gaps in safety inspections – notably unbilled inspections and access denials – cutting unverified cases from over 4 million to around 300,000. Our 72% physical inspection rate surpassed the 70% national mandate, with 100% safety verification coverage, securing full compliance and operational safety. We carried out separate rectification efforts for company- and user-side risks, achieving 100% rectification for company-level major hazards and full implementation of safety measures on the user side. For household risks, we informed users of safety issues and applied purchase restrictions based on gas use behaviour, encouraging timely repairs. At the same time, in collaboration with local authorities, we created detailed ledgers of issues and achieved closed-loop rectification tracking via system updates.



Case: Yichang's AI-Powered Kitchen Platform Monitors Gas Safety 24/7

In December 2024, the first project of China Gas smart safety early-warning system was completed and passed inspection in Yichang Housing & Renewal Bureau. This AI-powered kitchen safety platform integrates key components such as smart sensors, IoT (Internet of Things) communication technology, and early warning services. Based on gas detectors, infrared sensors, oil temperature detectors, and AI cameras, it provides real-time alerts and quick responses to prevent gas leaks and fires, ensuring comprehensive protection for gas usage in homes and commercial kitchens.



Yichang Housing & Renewal Bureau's AI-Powered Kitchen Safety Platform



Case: Nanchang China Gas: Regular Safety Inspections to Eliminate Critical Gas Hazards

In March 2025, during a routine inspection in Nanchang, WAN Wenwen, a service representative of Nanchang China Gas, discovered a high gas concentration (104 ppm) at a household door seam but couldn't reach the resident. An emergency plan was immediately activated, involving fire, police, and gas enforcement authorities. With Sub-district Office and property management support, all 20 households in the building were notified and the hazard successfully resolved. This demonstrated the Nanchang team's ethos: "Safeguarding lives with dedication, creating value through professionalism."



Nanchang team mitigated critical gas hazard

Looking ahead, China Gas will continue to build on its dual safety management system to advance safety practices, strengthen risk prevention, and support the Group's secure operations and long-term sustainable growth.

3. SAFETY FIRST: ENSURING GAS RELIABILITY

3.1 SAFETY MANAGEMENT

China Gas has built a robust safety management system, continuously strengthening its policies, optimising its organisational structure, and advancing certification and auditing efforts to comprehensively enhance safety performance. Safety objectives, including those covering contractors, are clearly defined and tied to measurable results to build a solid safety foundation.

3.1.1 Management Policies

China Gas has comprehensively strengthened its safety management policy system, in accordance with national laws and regulations such as *the Work Safety Law of the People's Republic of China*, *the Fire Protection Law of the People's Republic of China*, and *the Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, as well as domestic and international standards including ISO 45001, ISO 9001, and safety production standardisation requirements. Group-wide internal policies such as the *Health, Safety and Environment (HSE) Management Manual of China Gas*, the *HSE Rating Inspection Standards* and the *HSE Management Manual* for each project company have been developed. These cover production safety, user gas usage safety, operational safety, contractor safety, transportation safety, occupational health, and emergency management, safeguarding the well-being of our employees, contractors and other stakeholders. Safety performance is embedded into regular executive assessments to ensure rigorous implementation.

In FY2024/25, occupational health and emergency management policy documents were revised to align with the Group's operations and further detail safety management requirements.

3.1.2 Management System

China Gas and its subsidiaries have established a sound safety management system and organisational structure and are actively promoting external ISO safety management system certifications and the internal HSE management systems to continually enhance safety performance.

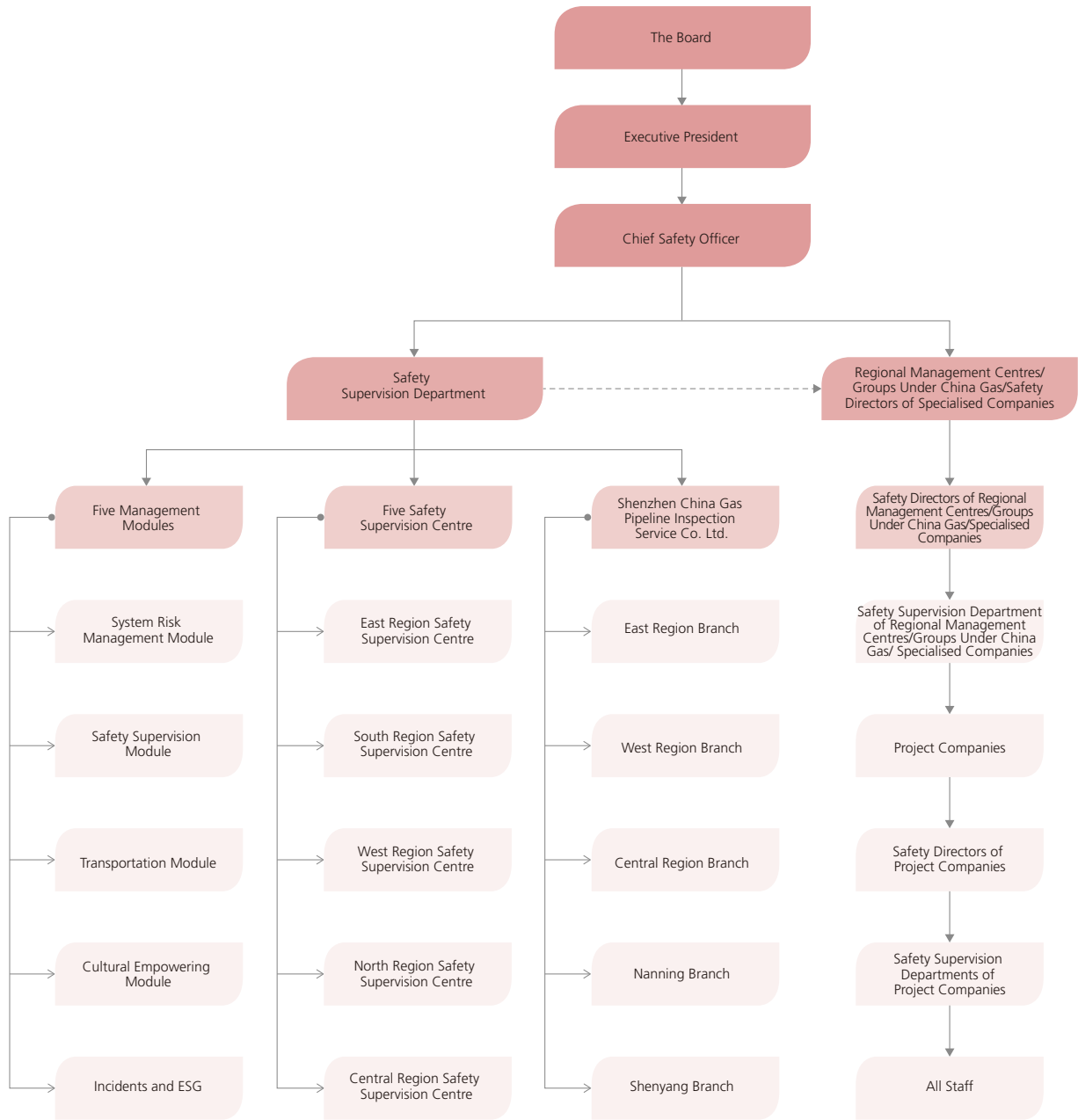
Safety Management Organisational Structure

The Workplace Safety Committee ("WSC"), under the guidance of the Board, serves as the Group's highest decision-making body for safety. It is chaired by a Board member and co-chaired by the Group's CMT leaders. Members include heads of departments at Group headquarters, general managers of regional management centres, business units, and specialised companies, as well as national gas safety experts. The committee is responsible for implementing national safety policies, convening regular meetings to review safety reports and decide on critical safety issues, monitoring annual safety KPIs, maintaining the corporate safety governance structure, and ensuring adequate investment in safety.

The Workplace Safety Committee has established a dedicated Office, which oversees the Safety Supervision Department as the executive body for the Group's safety management. The Department, comprises five management modules, five safety supervision centres, and Shenzhen China Gas Pipeline Inspection Service Co., Ltd. The five supervision centres are responsible for monitoring the enforcement of safety policies, and conducting HSE compliance audits, and supervision. Meanwhile, Shenzhen China Gas Pipeline Inspection Service Co., Ltd is tasked with detecting gas pipeline leaks within its operational scope, fulfilling the Group's inspection mandates and performance KPIs, and proposing risk-based leak prevention measures based on pipeline risk assessment results.

In accordance with the Group's core governance principles of Supervision, Inspection, Assessment, Training, Guidance, and Service, the Safety Supervision Department is responsible for overseeing the Group's safety management through a three-tiered oversight system that covers the Group, regional management centres (business units and specialised companies), and project companies. This system carries out safety inspections, comprehensive safety evaluations, and HSE system audits. All units are held accountable for safety under the principle of "the person in charge of the industry, business, and production being responsible for safety". These efforts collectively enhance the Group's safety management performance and help prevent major accountable incidents.

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Organisational Structure of Safety Supervision

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3.1.3 Safety Objectives

Following the principles of “Prevention First, Safety Development” and “Leadership Driven, Group-Wide Accountability”, China Gas has set the safety goal of “Zero Violations, Zero Injuries, Zero Accidents” (including contractors), along with a non-zero target: within five years, the rate of work-related injuries per million working hours for both employees and contractors is within 0.75. To achieve these objectives, the Group establishes an annual priority work plan for safety each fiscal year, setting quantified occupational health and safety (OHS) targets. All project companies are required to define measurable annual health, safety and environmental (HSE) goals, supported by dedicated management systems to institutionalise safety governance.

The FY2025/26 safety objectives include:

-  Zero major accountable accidents; minimise minor incidents
-  100% close-out of critical hazards through enhanced identification
-  Continuous HSE management system certification across all project companies
-  100% HSE rating coverage of project companies
-  ≥90% adoption rate of the Alarm System at project company level

We have established a comprehensive safety performance evaluation system based on role-specific safety accountability assessments, employee safety scoring, and project companies HSE ratings. This system directly ties leaders, department managers, and other responsible persons' compensation, incentives, and career advancement to safety leadership performance, while employee variable pay is linked to personal safety behaviours and HSE outcomes at the project company level. Through this framework, we ensure full safety compliance at all levels, and drive effective goal attainment. In FY2024/25, China Gas reported zero employee injuries or incidents.

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The Group continuously monitors and evaluates safety KPIs – including near-miss incidents and training coverage – to ensure accountability for safety targets. In FY2024/25, 398 near-miss incidents were recorded for leaks in user-side above-ground gas installations and auxiliary facilities; 100% onboarding training delivered via the OA system’s e-Learning platform; 100% of operational staff held dual certification (national and internal); and 100% of safety officers were certified after training and testing.

Indicator	Unit	FY2024/25	FY2023/24	FY2022/23
Work safety investment	HK\$ billion	2.2	2.3	2.4
Safety training attendees (executives & safety officers)	attendance	1,470	1,515	1,456
Safety training attendees (employees)	attendance	38,047	29,267	20,757
Emergency drill frequency	time	8,505	9,171	8,720
Number of work-related fatalities	No.	0	0	0
Lost-time injury days	day	160	70	130
Lost-time injury frequency rate (LTIFR) per million hours – employees	Case/per million working hours	0.0148	0.0077	0.0091
Lost-time injury frequency rate (LTIFR) per million hours – contractors	Case/per million working hours	0	0	0
Total recordable injury rate	Cases/1,000 persons	0.25	/	/

3.2 WORK SAFETY

China Gas upholds the principle of “Three Governance & Three Musts” and implements a dual prevention mechanism for risk control and hazard management. We continuously strengthen the accountability system featuring joint party-government responsibility, dual-function position accountability, collaborative governance, and consequence-based liability enforcement. This framework ensures a holistic work safety ecosystem. Guided by national laws and regulations such as the *Work Safety Law of the People’s Republic of China*, the *Social Insurance Law of the People’s Republic of China*, the *Regulations on Urban Gas Management*, we have established internal directives including the *City Gas Transmission and Distribution Management System*, the *CNG, LNG, and L-CNG Gas Stations Production and Operation Guidelines*, and the *Production and Operation Repair System Construction Guidelines* to regulate production and facility operations workflows. We also issued the *Notice on Releasing Summary Report on the Three-Year Action Plan for Special Rectification of Work Safety by China Gas Group* to advance our safety management. These efforts have systematically enhanced three core competencies: foundational governance, field operations management, and emergency preparedness.

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3.2.1 Safety Risks

To systematically control critical risks, China Gas regularly conducts risk assessments at both the Group and project company levels and carries out initiatives in areas such as occupational health and work safety. In FY2024/25, under the coordination of the Group Audit and Supervision Department, the Safety Supervision Department comprehensively reviewed material risk exposures across business operations and validated the appropriateness and necessity of mitigation measures. At the project company level, semi-annual risk identification and evaluation, along with quarterly risk point inspections were implemented, focusing on gas station operations, supply & sales services, and engineering construction. Identified critical safety risks were addressed through a *Project Company Risk Assessment and Control Measures List* encompassing engineering controls, administrative protocols, training programmes, personal protective equipment (PPE), and emergency response plans.

In FY2024/25, major identified risks included injuries, explosions, gas leaks, and supply disruptions. Our response measures are as follows. The following response measures are implemented:

- **Immediate Activation and Reporting:** Upon receipt of a critical incident report, the project company promptly initiates the relevant emergency response plan, in accordance with the Group's HSE management requirements and its own emergency rescue procedures. The incident is reported without delay to higher-level units (including regional management centres, Groups under China Gas, relevant business departments, specialised companies, and local authorities). A cross-functional emergency response team is then assembled to lead coordinated on-site rescue and mitigation efforts. The team focuses on minimising casualties, controlling losses, and preventing secondary incidents, while working closely with government emergency services.
- **Site Control:** Dedicated personnel are assigned to secure and manage the incident scene.
- **Insurance and Claims Handling:** In cases involving potential insurance claims, the responsible department of the project company immediately contacts the insurer to initiate the claims process. The insurer is notified to dispatch a claims adjuster for on-site assessment based on the extent of the damage. The project company also prepares all necessary documentation in advance to facilitate timely and efficient settlement.

Occupational Health and Safety Risk Management

In line with the *Notice on Issuing 2024 Safety Priorities of China Gas*, we reinforced occupational health and safety (OHS) initiatives at both Group and project company levels. The Group prioritises continuous occupational health enhancement and implements strict requirements such as occupational health hazard reporting, workplace exposure monitoring and mandatory health surveillance across all affiliated entities. We also advance contractor management through the clear allocation of occupational health responsibilities (client-contractor) and rigorous worksite inspections with KPI-based evaluations, alongside an publicity week of *the Law on the Prevention and Control of Occupational Diseases* with the theme of "Prevention First: Protecting Workforce Health". Project companies regularly review identified OHS-related risks and hazards across various roles and workplaces, assess the effectiveness of existing control measures, and evaluate potential scenarios involving work-related injuries, health issues, illnesses, or accidents. Relevant documents – such as occupational health management policies, emergency response protocols, and contingency plans – are reviewed and updated accordingly. In addition, OHS-related training is provided to employees, contractors, and other relevant personnel. In FY2024/25, China Gas recorded zero OHS compliance disputes.

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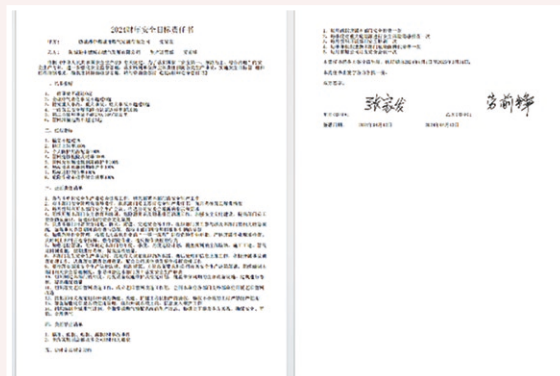
In FY2024/25, based on the *Occupational Health and Safety Management System of China Gas*, we revised seven new policies, encompassing the ‘Three Simultaneities’ principle for occupational disease control facilities, health surveillance, and occupational hazard monitoring. The design documentation for the Safety Digital Integrated Management Platform was finalised, marking another step in enhancing our occupational health management system. For FY2025/26, we will implement digital transformation of occupational health management through this AI-powered platform to achieve closed loop OHS governance.



Case: AI-driven Alarm System for Enhanced Safety Governance

In FY2024/25, China Gas continuously advanced the “Alarm System” Plan integrating digital applications to further optimise its functionality. We implemented the *Application Assessment and Management Measures for the Safety Digital Integrated Management Platform of China Gas* and conducted spot-check supervision and training empowerment programmes. To address quality issues in responsibility statements, we embedded AI into the platform to identify and correct “repetitive content” and “inappropriate wording” in personnel duty descriptions. To mitigate the risk of “post-event management,” we launched a performance evaluation feature in the platform that requires supervisors to assess their subordinates’ fulfillment of their job responsibilities. Currently, the evaluation rate has reached 94.39%, achieving closed-loop management of safety responsibilities.

In FY2024/25, the Alarm System recorded an average of 35,960 monthly users and 1 million monthly application clicks. A total of 35,440 safety responsibility statements were signed throughout the year, with the duty reporting rate increasing from the initial target of 85% to 96.91%.

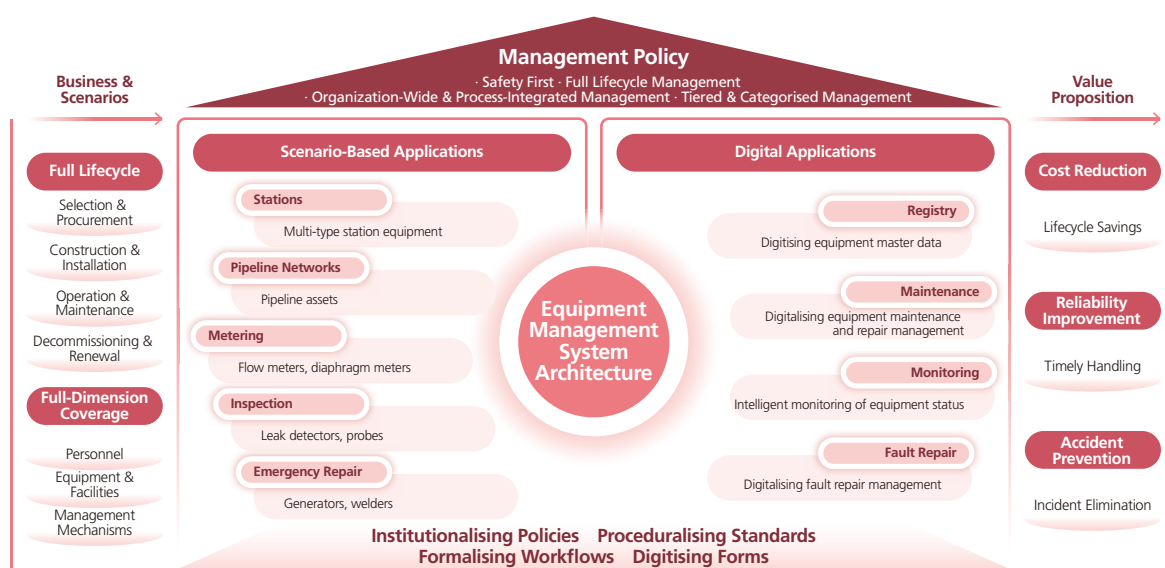


A safety responsibility statement

3. SAFETY FIRST: ENSURING GAS RELIABILITY

Equipment Safety Risk Management

China Gas has established a comprehensive equipment lifecycle management system and developed industry-leading standardised guidelines, including the *China Gas Lifecycle Management Guidelines for Natural Gas Production Equipment* and the *China Gas Dictionary of Common Industrial Equipment Failures*. These standards support end-to-end, tiered, and categorised management of production equipment – from equipment selection and procurement, construction and installation, to operation, maintenance, and eventual decommissioning – effectively preventing and controlling accident risks arising from equipment failures.



Equipment Management System Architecture

In FY2024/25, we achieved full digitalisation of equipment records for stations, flow meters, diaphragm meters for non-residential users, and pipeline infrastructure. Specifically, the OMP (Operational Management Platform) system recorded 191,900 station equipment units, 56,300 flow meters, and 160,000 diaphragm meters for non-residential users. Meanwhile, the Geographic Information System (GIS) logged 322,600 pressure regulating devices and 282,000 valve chambers. In response to quality and pressure-setting issues related to pressure regulators in Sichuan Chuanli, we organised our project company to carry out a comprehensive inspection. A total of 18,507 pressure regulating boxes and 510 cabinets were examined, identifying 708 potential hazards – all of which have been rectified, achieving a 100% remediation rate. These efforts significantly enhanced equipment reliability and helped eliminate potential safety risks.

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3.2.2 Emergency Management

China Gas has established a holistic emergency response system, supported by internal policies such as the *China Gas Safety Accident Management System*, the *China Gas Group Emergency Response Plan*, the *China Gas Emergency Drill Management System*, and the *China Gas Project Company Emergency Plan Preparation Guidelines*. As part of our unwavering compliance with work safety and business continuity, we routinely perform emergency response drills, rapid repair operations, and public emergency preparedness initiatives. Aligned with the Group's Emergency Maintenance Mechanism, all 415 city gas project companies have hybrid emergency teams with both full-time and auxiliary personnel, continuously strengthening their crisis management proficiency.

In FY2024/25, China Gas launched a special initiative titled the "Enforcement Campaign for Operating Procedures and Production Management Systems." As part of this initiative, business units across sectors including city gas, LPG, and hazardous materials transportation updated their *Emergency Management Systems* and related contingency plans, covering a total of 503 project companies. Building on these updated systems and emergency preparedness assessments, we conducted targeted emergency drills focused on key operational risks – such as user-side gas leaks, third-party excavation damage, major hazard releases, and hazardous material handling spills. These exercises drive continuous improvement of our emergency management system and response capabilities.



Case: Safety Month Campaign: Keep Escape Routes Accessible

In June 2024, themed "All for Safety, Ready for Crisis to Keep Escape Routes Accessible" China Gas ran a group-wide work safety month campaign. To address weaknesses in safety management, regional management centres, specialised companies, and project companies developed comprehensive and targeted emergency drill plans. A total of 1,031 emergency drills were conducted, including 296 joint drills with government departments, engaging 16,985 participants. Through these drills, we assessed and enhanced the scientific soundness, compliance, and effectiveness of our emergency response plans and support systems. These efforts have strengthened our gas incident response capabilities and supported the ongoing campaign to address the risks associated with "faulty pipeline operations." The drills also trained employees in fire equipment use, proper PPE application, and emergency evacuation route selection.



Emergency drills

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3.3 SAFETY TECHNOLOGY

China Gas is driving digital transformation across its safety management systems through the deployment of four integrated platforms: Smart Gas Integrated Operation and Management Platform, Safety Digital Integrated Management Platform, Traffic Safety Management System, and Engineering Visualisation System. These digital solutions collectively enhance operational safety, optimise safety performance, strengthen transportation risk controls, and ensure construction quality.

➤ Smart Gas Integrated Operation and Management Platform

The Smart Gas Integrated Operation and Management Platform of China Gas enhances operational safety and management efficiency through GIS, digital operations management, intelligent stations systems, and safety digitalisation. It provides full coverage of real-time production tracking, safety monitoring, equipment/station/personnel management, and emergency response across all business applications.



Case: Xiaogan Model: A 2024 Exemplary Smart Gas Application Case

In June 2024, the 10th China Smart Gas Development Forum was successfully held under the theme “Unlocking Data Value to Accelerate the Development of a Smart Gas Ecosystem.” During the event, the Xiaogan Smart City Gas Project in Hubei was recognised as a 2024 Exemplary Smart Gas Application Case for its role in advancing high-quality growth in the gas industry. Leveraging a dual-digital strategy, the project enables comprehensive monitoring, coordinated management, centralised command, and integrated evaluation of urban pipeline operations. It establishes an “All-in-One Network Management” system for pipeline safety and serves as an industry-leading model for public-private collaboration in smart gas operations – known as the “Xiaogan Model.”



Xiaogan Smart City Gas Project: A 2024 Exemplary Smart Gas Application Case

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➤ **Safety Digital Integrated Management Platform – “Alarm System”**

China Gas continuously advances the iterative upgrade and functional optimisation of its Safety Digital Integrated Management Platform. Key improvements include enhancements to the Safety Responsibility Module, the HSE Rating and Inspection Module, and the Direct Reporting Module for Hazardous Materials Transport. The system now also features embedded AI capabilities and a performance evaluation function, enhancing user experience while enabling closed-loop safety responsibility management.

➤ **Traffic Safety Management System**

China Gas has fully implemented its Traffic Safety Management System across all subsidiary fleets, ensuring comprehensive safety coverage through the mandatory registration of both hazardous and non-hazardous transport vehicles. A centralised digital fleet management platform has been established by integrating previously fragmented monitoring systems from various hazardous-goods transportation companies. Key enhancements include 24/7 dedicated monitoring with real-time driver behaviour intervention, instant alerts via direct communication channels, and systematic correction of unsafe driving practices. This approach has significantly reduced risks in hazardous materials logistics.

➤ **Engineering Visualisation System**

The Engineering Visualisation System focuses on critical construction processes to ensure quality and safety while effectively empowering frontline teams. It addresses key challenges such as supervision of essential procedures and oversight of high-risk operations. The system features a closed-loop management framework covering safety inspections, quality spot checks, and issue rectification. By enabling reporting of inspection results, it strengthens overall control of engineering construction safety and quality.

3. SAFETY FIRST: ENSURING GAS RELIABILITY

3.4 CAPACITY BUILDING

China Gas has rigorously implemented a long-term safety management mechanism by regularly convening work safety meetings and establishing a consistent communication channel for occupational health and safety (OHS) knowledge and policy dissemination. In FY2024/25, we focused on enhancing the competencies of safety supervision personnel by developing a three-tier safety training system. Leveraging campaigns such as Work Safety Month and Fire Prevention Month, we organised a range of initiatives including safety training, certifications, safety awareness education, emergency drills, and general safety knowledge promotion. These efforts aim to strengthen employee capabilities and raise public awareness about safe gas use, ensuring gas safety from all angles.

3.4.1 Safety Training

In alignment with the Group's HSE management system requirements, we launched a dedicated capacity-building initiative for safety supervision personnel in FY2024/25, supplementing our regular HSE training. A tiered training framework was established targeting corporate leadership, safety supervisors, and operational personnel, enabling targeted and differentiated training to significantly enhance safety awareness and management capabilities.

- **General Manager Safety Leadership Programme:** A total of 18 newly appointed general managers participated in a structured programme combining classroom learning and practical exercises through the Safety Supervision Centre's digital platform. The programme helped them build systematic safety management thinking and resulted in a significant improvement in their respective project companies' HSE scores – on average 1.18 points higher than the Group average. Notably, eight project companies achieved a higher safety rating level than previously.
- **Dual-Certification Programme for Safety Supervisors:** We rolled out a dual-certification initiative for all safety supervision staff, establishing tiered knowledge and skills standards. A series of training materials was developed covering general safety, engineering, operations, customer service, LPG trade, and terminal safety. A total of 1,390 safety supervisors underwent categorised training and certification assessments.
- **Ongoing Safety Empowerment for Operational Personnel:** We conducted eight safety training sessions targeting the Group's general managers, business directors, and key operational staff across engineering, operations, and customer service departments. Over 1,100 employees were engaged through FY2024 performance review reports. In parallel, safety courses were delivered to all participants of the Group's Youth Talent Programme, with senior safety directors guiding students through emergency drills, safety inspections, and other hands-on safety management activities, strengthening their practical skills and safety knowledge.
- **Maintenance Workforce Development:** We established 111 professional maintenance teams under operation management groups, implementing a three-level maintenance training and performance certification system. A total of 2,180 maintenance personnel were trained, including 27 assessors and 1,104 certified maintenance staff. This initiative resolved maintenance capacity gaps and technical skill shortages.

3. SAFETY FIRST: ENSURING GAS RELIABILITY



Case: Safety Leadership Programme for Newly Appointed General Managers

In July 2024, the Safety Supervision Department of China Gas, in collaboration with the Talent Development Academy, launched the Safety Leadership Programme for newly appointed general managers. The programme consists of four stages: centralised training, hands-on management practice, final presentation and evaluation, and post-assessment of results. The centralised training was delivered by the Group's Chief Safety Officer, while the management practice phase was guided directly by safety directors from the five regional Safety Supervision Centres under the Safety Supervision Department. The final presentation and post-assessment were jointly conducted by senior leaders from the Safety Supervision Department and the Talent Development Academy. The programme follows a practical, experience-based approach: intensive safety training through "learning by teaching," real-world management experience through "doing with guidance," and problem-solving through "collaborative reflection." This method is designed to systematically strengthen safety leadership capabilities among new general managers. By focusing on key roles and strengthening leadership engagement, the programme enabled all 18 new general managers to significantly improve the HSE ratings of their respective project companies – achieving an average score 1.18 points higher than the Group's FY2024/25 average.



Training in progress



Blind drill

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3.4.2 Safety Education

China Gas places strong emphasis on public gas safety and leverages key campaigns such as Work Safety Month and Fire Prevention Month to launch a wide range of awareness activities. Combining online and offline channels, these programmes aim to strengthen both employee and customer awareness of safe gas usage and enhance emergency response capabilities, effectively strengthening the Group's gas safety safeguards. In FY2024/25, the Group organised a total of 8,505 safety drills, including fire emergency drills and themed exercises during Work Safety Month and Fire Prevention Month. Additionally, 72,149 safety awareness activities were carried out, including the "6.13" campaign and outreach via digital media platforms such as websites and WeChat.



Case: Gas Safety Awareness and Consultation Day Events

In June 2024, on China's National Safety Awareness and Consultation Day, Wumei Panva mobilised over 120 employees across 8 dedicated outreach teams to participate in gas safety awareness and consultation events. During the campaign, the company distributed more than 2,000 safety information leaflets and conducted home safety inspections for over 120 households. A total of 18 potential safety hazards were identified and promptly rectified. In addition, gas safety educational videos were broadcast across 117 communities in 11 sub-districts, helping to raise public awareness and foster a safe and reliable gas usage environment.



Gas safety awareness and consultation day events

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Case: Gas Safety Campaign: Strengthening the Community Safety Resilience

In November 2024, during the 119 Fire Safety Awareness & Consultation Day, Xiaogan Zhongya City Gas Development Co., Ltd. launched its Gas Safety "Five In" Community Outreach Campaign. The event featured on-site consultation booths showcasing gas inspection tools and educational display boards. Over 300 leaflets, including Guidelines for Safe Gas Use, were distributed to residents, alongside live demonstrations on basic gas safety practices and emergency response techniques for gas leaks. The company also deployed drones and inspection vehicles to conduct aerial and on-site checks of gas pipeline infrastructure. This initiative significantly improved community awareness of gas safety and strengthened the company's ability to deliver safe and reliable services.



Gas safety "Five In" community outreach campaign

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3.5 STAKEHOLDER MANAGEMENT

China Gas has established a comprehensive HSE management system that incorporates the safety oversight of all relevant stakeholders. Key internal policies – including the *HSE Management Manual of China Gas*, the *Supplier Code of Conduct of China Gas*, and the *Contractors’ Management Policy of China Gas* – set clear standards for contractor qualification reviews, safety training, supervision, and performance evaluations. These responsibilities and obligations are further specified in business contracts and cooperation agreements, ensuring mutual accountability in HSE execution. China Gas’s subsidiary, the Construction Engineering Group, adopts a three-tier management model – “Construction Engineering Group – Contractor – Construction Team” – to enforce end-to-end supervision of contractor safety and quality, covering pre-qualification, process control, and final inspection. Dedicated project teams are deployed to oversee daily operations, ensuring effective work safety management at all levels.

Contractor Safety Management Objectives

China Gas has established clear safety management objectives and performance indicators for contractors. Contractors are required to undergo pre-job safety training, and project companies conduct monthly safety performance evaluations to assess their compliance across multiple dimensions. A strict contractor blacklist system is also enforced to ensure accountability and drive continuous improvement in contractor safety management, thereby strengthening safety throughout the supply chain.

Safety Management Objectives and Performance Indicators for Engineering Contractors	Pre-Job Safety Training Objectives for Engineering Contractors
<ul style="list-style-type: none"> • Zero serious injuries or fatalities • No work safety accidents causing direct economic losses ≥ RMB50,000 • Absence of safety accidents attributable to quality defects or fraudulent/illegal operations • Zero administrative penalties for work safety violations • 100% compliance rate in using PPE (safety helmets, safety belt, etc.) • All electrical equipment maintained in good condition with safety protection devices installed • 100% completion rate of safety technical briefings • 100% coverage rate of work injury insurance 	<ul style="list-style-type: none"> • 100% completion rate of three-tier safety induction for new hires and transition training for transferred employees • 100% certification compliance for project managers, dedicated safety officers, and special operations personnel • 100% execution rate of safety responsibility statements • 100% on-duty attendance compliance of safety officers, fully meeting construction safety management requirements

3. SAFETY FIRST: ENSURING GAS RELIABILITY

Contractor Safety Training

In FY2024/25, the Group continued to deliver safety and pre-job training programmes for engineering contractors. Safety training sessions were conducted in alignment with seasonal changes, holidays, and routine management requirements. Over the period, a total of 2,329 regular safety training sessions were held, reaching 24,809 participants, along with 518 pre-job training sessions covering 7,029 participants. Additionally, 6,960 pre-shift safety briefings were conducted, with a total of 507,120 attendances recorded.

Category	Unit	FY2024/25	FY2023/24
Contractor safety training attendances	attendance	538,958	593,119
Total contractor safety training hours	hour	1,147,980	1,425,142
Number of contractors who received safety training	contractor	476	1,072
Safety training coverage rate	%	100%	100%

3.6 RELIABLE GAS SUPPLY

China Gas regards a reliable gas supply as the cornerstone of its development. We strictly comply with the *Regulations on the Administration of City Gas* and other national laws and regulations, while also implementing internal policies such as the *City Gas Transmission and Distribution Management System*. We embed safety principles across every aspect of our city gas operations – from planning and emergency response to gas supply and service, gas use, facility protection, and the prevention and handling of safety incidents. Comprehensive safety inspections are conducted at least once a year, and multiple safeguards are in place to ensure a safe, reliable gas supply that supports millions of households.

➤ Transmission Loss Management and Rectification

To ensure a stable and secure gas supply, China Gas has established the *Rectification and Management Procedures for Transmission Shortage*, addressing four key areas: pipeline network shortages, metering inaccuracies, data collection errors, and gas theft. A two-tier management mechanism has been implemented, with the Engineering and Operations Department at headquarters overseeing the overall rectification efforts, while local units are held accountable for executing transmission shortage plans and meeting performance targets. This approach aims to reduce safety risks and economic losses caused by gas leakage, while also minimising environmental impacts. In parallel, the Group issued the *Technical Regulations for Gas Flow Meter Selection of China Gas*, further strengthening meter selection and data collection management across user categories, thereby enhancing the overall effectiveness of transmission shortage control.

3. SAFETY FIRST: ENSURING GAS RELIABILITY

➤ Leak Detection and Prevention Mechanism

China Gas places high priority on the safety of its gas pipeline networks. To this end, the Group has established a series of internal guidelines, including the *China Gas Inspection Guidelines for Gas Pipeline and Ancillary Facilities*, the *China Gas Pipeline Leak Inspection and Investigation Guidelines*, the *China Gas Third-Party Construction Guidelines*, the *China Gas Pipeline Network Inspection Management Guidelines*, and the *China Gas Guidelines for Prevention of Damaged Accidents (Incidents) to Gas Pipeline Facilities*. An internal pipeline patrol system has been deployed to enhance inspection efficiency. The system provides project companies with comprehensive, real-time information on gas transmission and distribution. In the event of a fault, it enables rapid and accurate fault location and immediate activation of emergency repair tasks. During emergency situations, it supports the dispatch centre in quickly determining optimal valve control strategies, enabling fast, coordinated responses to pipeline incidents, reducing repair time, and minimising potential losses.

➤ Emergency Repair and Maintenance Mechanism

China Gas has established a set of internal standards to regulate pipeline maintenance, emergency repairs, and the upkeep of gas facilities such as spherical tanks and safety valves. These include the *Guidelines for Emergency Repair in the Production and Operation of China Gas Group's Project Companies*, the *Guidelines for the Construction of Emergency Repair System in the Production and Operation of China Gas Group*, and the *Management Standards for the Operation and Maintenance of Gas Facilities*. The Group has implemented a three-tier emergency repair management system spanning the Group headquarters, regional operation management centres/operation management groups, and project companies. This structure clearly defines the roles and responsibilities at each level, ensuring efficient response and accountability. In addition, the Group has introduced emergency management regulations such as the *China Gas Group Emergency Repair System Construction Work Guidelines* and the *Third-Party Construction – Related Damage Incident (Accident) Management and Assessment Measures*. These frameworks strengthen the Group's capabilities in emergency preparedness, response planning, and the prevention of third-party construction damage to pipeline networks – enhancing the overall safety and stability of gas supply.

➤ Pipeline Network Renovation Mechanism

China Gas continues to strengthen the rectification of pipeline safety risks by systematically replacing aging cast iron pipelines. Remote leak detection devices have been installed on older or high-risk pipeline sections and valve wells to enable 24/7 real-time monitoring. These efforts enhance the intrinsic safety of pipelines and associated equipment, reduce gas leakage, and lower safety risks. In the event of a leak, China Gas can respond immediately to contain it and minimise methane emissions.

In FY2024/25, China Gas actively advanced the special campaign to address “faulty operations” in its pipeline network. The Group completed safety inspections and rectification efforts across 1,418 stations and 385,000 kilometres of pipelines, identifying 18,698 potential hazards in total. Of these, 96.95% have been rectified, while the remaining issues have been recorded in local project companies' hazard logs and assigned to responsible parties in accordance with the Five Fixed Principles, ensuring immediate rectification and dynamic clearance of safety risks. During the same period, the Group renovated 2,026.65 kilometres of aging pipelines (including 385.06 kilometres of municipal pipelines and 1,641.59 kilometres of courtyard pipelines), achieving a completion rate of 94.06%. These efforts further enhanced the intrinsic safety of the pipeline network and reduced operational risks.

3. SAFETY FIRST: ENSURING GAS RELIABILITY



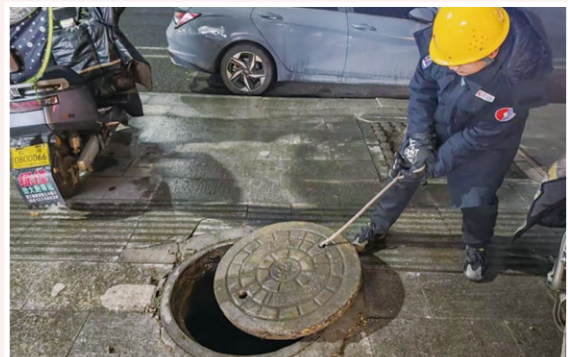
Case: Ensuring Winter Supply: China Gas Achieves “Four Zeros” Commitment

During the 2024/25 winter season, China Gas successfully fulfilled its “Four Zeros” commitment – zero safety liability incidents, zero complaints, zero public opinion crises, and zero supply interruptions – by securing over 12 billion cubic metres of natural gas for nearly 60 million households. The Group coordinated resources across eight regional management centres nationwide and established a robust winter gas supply system under five dimensions: government-enterprise collaboration, technology empowerment, livelihood-first services, emergency readiness, and values-driven commitment, underscoring its role as a reliable energy provider.

- **Government-Enterprise Collaboration: Dual Safeguard Mechanism – Gas Supply and Supply Agreements”**
China Gas established long-term coordination mechanisms with local governments across multiple provinces, forming a stable “government + enterprise” supply collaboration model. The Group signed over 150 long-term gas supply agreements, achieving a contract coverage rate of over 99% in North China, effectively alleviating price-inversion pressure on gas companies.
- **Technology Empowerment: Smart Pipelines Weaving Robust Safety Nets**
Leveraging digital technologies, China Gas built an intelligent monitoring system combining “Eyes on the Ground” (OMP Smart Patrol System) and “Ears in the Cloud” (SCADA Cloud Platform). These systems now cover 85% of gas stations and 76% of pipeline nodes, enabling 24/7 real-time monitoring of operations.
- **Livelihood-Oriented Services: Bridging the Last-Mile Gap with Warmth**
Placing user satisfaction as its top priority, China Gas enhanced its online-offline integrated service network, handling over 2 million customer inquiries, conducting 1.06 million household safety inspections, and resolving over 8,000 safety hazards.
- **Emergency Response: Over 50,000 Employees Safeguard Energy Lifelines During Spring Festival**
Facing extreme weather, China Gas launched a three-tier emergency response system. During the 2025 Spring Festival, over 50,000 employees remained on duty:
 - In Hebei, Hengshui Zhongran stockpiled 1 million cubic metres of LNG and 53 tonnes of tetrahydrothiophene (odorant), increasing pipeline capacity by 20% through dynamic peak-shaving.
 - In Heilongjiang, Jiamusi Zhongran ensured uninterrupted winter heating by deploying mobile LNG vaporization units, delivering 1.54 million cubic metres of gas within 96 hours to safeguard 470,000 residents, despite snow-blocked roads.
 - In South China, several project companies activated local LNG peak-shaving stations to withstand rare cold spells, ensuring uninterrupted gas supply for both residential and industrial users in the Pearl River Delta – delivering on the “zero supply interruption” promise.



A clip from CCTV's Straight Point Finance report



China Gas staff on duty during Spring Festival to secure gas supply

4

GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY



- 4.1 Environmental Management
- 4.2 Green Construction
- 4.3 Green Operation
- 4.4 Ecological and Environmental Protection
- 4.5 Environmental Advocacy
- 4.6 Green Finance
- 4.7 Response to Climate Change



4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

PERFORMANCE HIGHLIGHTS

- 102 project companies obtained the ISO 14001 Environmental Management System certification
- Assist Luohu Hospital of Traditional Chinese Medicine became Guangdong's **first carbon peak and carbon neutrality** pilot hospital
- The Group is committed to keeping methane emission intensity of the Group's own operating assets below **0.15%** by 2025, which is verified by the Oil & Gas Methane Partnership 2.0 (OGMP 2.0)
- Cumulative investment and construction in key projects in the photovoltaic sector have reached **59.5 MW**, with a total installed capacity of **135 MW**
- Green electricity and green certificates transaction volume reached **33,942 MWh**
- Biodiversity assessments conducted at 46 sites, involving **288.61 km** of pipelines and **393.62 hectares** of land
- The Group's total ESG-related loans equivalent to **HK\$6.19 billion**

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Climate change and greenhouse gas emission management
- Effluents and waste management
- Resource and energy use efficiency
- Biodiversity protection
- Water consumption and efficiency
- Management of projects under construction

Embracing the concept of green development, China Gas has deeply integrated it into its corporate strategy and actively aligns with the UN Sustainable Development Goals (SDGs) and the national “carbon peak and carbon neutrality” strategy. We have systematically established a comprehensive environmental management system that covers the entire business chain. With a focus on key areas such as green construction, green operations, energy conservation and emission reduction, water resource protection, and pollutant discharge control, we work hand in hand with our partners to build climate resilience, contribute innovative solutions to global sustainable development, and steadily advance the achievement of the dual-carbon goals.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.1 ENVIRONMENTAL MANAGEMENT

China Gas continues to enhance its environmental management system framework by establishing phased environmental governance objectives and introducing a dynamic evaluation mechanism. It conducts environmental risk identification, quantitative assessment, and classified control mechanisms covering the entire business chain. The Company integrates the low-carbon transition strategy into all stages of project construction and production operations. Relying on digital management platforms, it monitors environmental factors throughout the entire process and tracks environmental performance indicators regularly to lay a solid foundation for green development. Throughout the Reporting Period, China Gas was not subject to any administrative penalties resulting from violations of environmental laws and regulations that had a substantial impact on the Group.

4.1.1 Environmental Management System

China Gas abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and *Water Pollution Prevention and Control Law of the People's Republic of China* and other pertinent environmental laws and regulations. The Group has also formulated and disclosed the *Environmental Policy* that is applicable to the entire Group and its subsidiaries, and equally to suppliers, contractors, joint ventures, and other business partners. This policy is designed to mitigate the environmental risks and impacts associated with operations, facilities, distribution and logistics, due diligence, mergers and acquisitions, and products and services. It also aims to improve the efficiency of natural resource use, provide clean energy, continuously optimise energy structure, and gradually build a clean, low-carbon, safe and efficient energy structure, so as to reduce energy consumption throughout the operation cycle and the entire value chain. (For more information, please refer to the *Environmental Policy* published on our website www.chinagasholdings.com.hk).

At the institutional level, China Gas has established internal environmental management systems for all business units and subsidiaries. The Group has formulated the *Guidelines for the HSE Management System* with reference to ISO 14001 standard, and has also formulated an *China Gas Environmental and Social Management System* aligned with the Asian Development Bank *Safeguard Policy Statement* and relevant applicable laws. These systems primarily cover pollution prevention and control, green construction, green office practices, biodiversity conservation, protection of tangible and intangible cultural resources and environmental publicity and education and other core management areas, thus forming an environmental management framework that runs through the entire business chain.

In order to ensure the effective implementation of the environmental management system, China Gas conducts group-wide environmental management system audits. Additionally, the Group evaluates its *Environmental Policy* on an annual basis to assess its implementation and efficacy. The assessment results are presented to the Sustainability Committee, for review and based on the assessment conclusions, the Group dynamically revises and optimizes its environmental management strategies, thus forming a dynamic governance loop.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.1.2 Environmental Governance Structure

We have developed a three-layered environmental governance structure at China Gas with the Board of Directors serving as the supreme decision-making authority regarding environmental matters. The Group has established a Sustainability Committee under the purview of the Board of Directors. The committee is tasked with supporting the Board in supervising the execution of environmental policies and enhancing environmental performance. It also regularly reports to the Board and provides recommendations on significant environmental decisions. The Sustainability Committee includes a leading group comprising senior management and executives to efficiently coordinate and execute environmental management systems.

China Gas has been actively promoting both internal and external environmental management system certification. As of 31 March 2025, 102 project companies, whose revenue accounted for 53.77% of the Group's total, had obtained the Environmental Management Systems (EMS) Certification (ISO 14001). In addition, project companies contributing 60.96% of total revenue passed the internal HSE audits and received the Group's HSE certification.



ISO 14001 EMS Certification of Guangzhou China Gas Development Company Limited



ISO 14001 EMS Certification of Hangzhou China Gas Development Company Limited







ISO 14001 EMS Certification of Laibin China Gas Development Company Limited

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.1.3 Environmental Management Target

The Group has set the following environmental management targets and regularly tracks the progress towards achieving them:

Environmental target	Target description
 Carbon emission target	<ul style="list-style-type: none"> To reduce carbon emissions intensity by 50% by 2030 compared with 2021 level To achieve carbon peak by 2030 To achieve carbon neutrality in its own operation by 2050² To control the methane emissions intensity of the Group's own operating assets to within 0.15% by 2050
 Energy usage efficiency target	<ul style="list-style-type: none"> To reduce energy use intensity continuously
 Water usage efficiency target	<ul style="list-style-type: none"> To reduce water consumption by 16% with 2020 as the baseline year and 2025 as the target year
 Waste reduction target	<ul style="list-style-type: none"> To improve the collection and integration process of waste data continuously

China Gas is committed to strictly complying with national and local environmental protection laws and regulations, and continues to strengthen environmental compliance management. During the current financial year, the Group did not experience any violations resulting in penalties due to environmental or ecological issues.

² The business scope covers urban gas services, value-added services, China Gas energy services, power and new energy services, digital development services, etc.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.2 GREEN CONSTRUCTION

In the field of Green Construction, China Gas implements a closed-loop environmental risk management approach throughout the entire project lifecycle, from planning and design to construction, operations, and maintenance. In compliance with the dual carbon goal and local environmental laws and regulations, we make every effort to minimise the negative impact of engineering project construction and operations on the environment.

Project phase	Management measures
 <p>Planning and design</p>	<ul style="list-style-type: none"> • Environmental Impact Assessment: Before carrying out all projects, China Gas strictly follows the statutory process of EIA and implements the <i>Environmental Impact Assessment Report Outline</i> and the <i>Engineering Construction Risk Management and Control Guidelines</i> formulated by the Group to identify potential environmental impacts and risks and develop response measures and protection plans. We invite third-party assessors to conduct Environmental Impact Assessment (EIA) or Social Impact Assessments (SIAs), and promptly implement, follow up, and improve our response measures and protection plans based on the assessment results. • Environment-Friendly Materials and Processes: The steel pipes of the Group are all pre-coated with anti-corrosion layers to reduce the painting at the construction site and reduce the emission of volatile organic compounds (VOCs) pollutants at the construction site. • Social Impact Assessment: Assesses impacts on employment, public welfare, and community well-being. For example, energy storage projects are sited to ensure safe buffer zone, while heat pump installations are designed to mitigate noise impacts on nearby residential areas.
 <p>Construction</p>	<ul style="list-style-type: none"> • Waste Management: We promote construction site cleaning and garbage disposal to ensure the standardized disposal of waste; during earthwork excavation, we backfill the original soil and recycle the mud through construction. • Noise Control: We strictly implement the prevention and control plan for construction noise pollution; scientifically arrange the construction hours; and properly layout and use construction machinery (such as using low-noise equipment). • Dust Control Measures: Surplus soil transport vehicles must be covered with mesh fabric. Dust control measures are implemented for materials stacking during construction, including covering, watering, and spraying covering agents to reduce the impact of dust. • Slurry Treatment: For directional drilling operations, environmentally friendly measures must be implemented for mud disposal. • Land Greening: A vegetation survey is conducted prior to construction to identify existing flora. Targeted measures such as protective fencing and transplanting are applied to safeguard trees and saplings within the construction zone. Construction site layouts are planned to ensure adequate access routes for daily use. Upon project completion, an environmental restoration plan is promptly initiated, with site greening carried out using locally adapted plant species. • Biodiversity Protection: For projects located in ecologically sensitive areas such as fishponds or wetlands, directional drilling technology is employed to install pipelines without disturbing surface water bodies. This approach avoids issues such as water turbidity and sediment disruption, thereby minimising impacts on aquatic ecosystems.
 <p>Operation and maintenance</p>	<ul style="list-style-type: none"> • Innovative Energy-saving Management Technologies: We promote the installation of leakage alarm systems by customers, and the use of automatic solenoid valve linkage for leakage alarm and remote cut-off at the outlet pipes by users in high – rises, to monitor potential emissions and energy use in real time. • Environmental Emergency Response Management: We develop environmental emergency response management systems and plans, clarifying measures, processes, and responsibilities to actively respond to potential environmental accidents or emergencies.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY



Case: Nanjing China Gas Plant Protection Transplantation Exercise in the Course of Construction

During the relocation of the Xiangshan Lake gas regulating station in Nanjing, the Nanjing China Gas actively cooperated with a third-party company to carry out professional transplantation and restoration of plants – including red maple, pittosporum, camellia and *Trifolium thunbergii* – within the construction area. This initiative protected existing vegetation resources to the greatest extent possible during project implementation and minimised disturbance to the ecological environment.



Pre-construction



Construction



Post-construction

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.3 GREEN OPERATION

China Gas has been continuously conducting green operation management and established a scientific and standardized carbon emission reduction and energy management system, while also prioritising key areas such as water resources recycling, waste lifecycle management, and methane emission control. The Group endeavours to continuously improve resource utilization efficiency and environmental performance. Furthermore, China Gas focuses on fostering a green development culture and integrating green operational concepts into all aspects of business operations. We are actively laying out the research, development and application of low-carbon technologies, and striving to promote upstream and downstream partners to jointly improve environmental management capabilities, so as to build a green and low-carbon industrial ecosystem.

4.3.1 Carbon Emission Management

Carbon Management Strategy

China Gas has developed a systematic and standardised carbon management framework, including the *Carbon Management Manual*, *Carbon Management Procedure Document*, *Control Procedures of Carbon Management Objectives*, *Control Procedures of GHG Emission Source Identification, Accounting and Reporting*, *Control Procedures of Data Collection for Carbon Management*, *Control Procedures of Carbon Management Training and Control Procedures of Carbon Management Monitoring, Measurement and Analysis*. This framework covers the entire process of carbon emission identification, calculation, monitoring, and reporting. China Gas has undergone carbon asset management certification and obtained the carbon management system assessment certificate.



Carbon Management System Certification



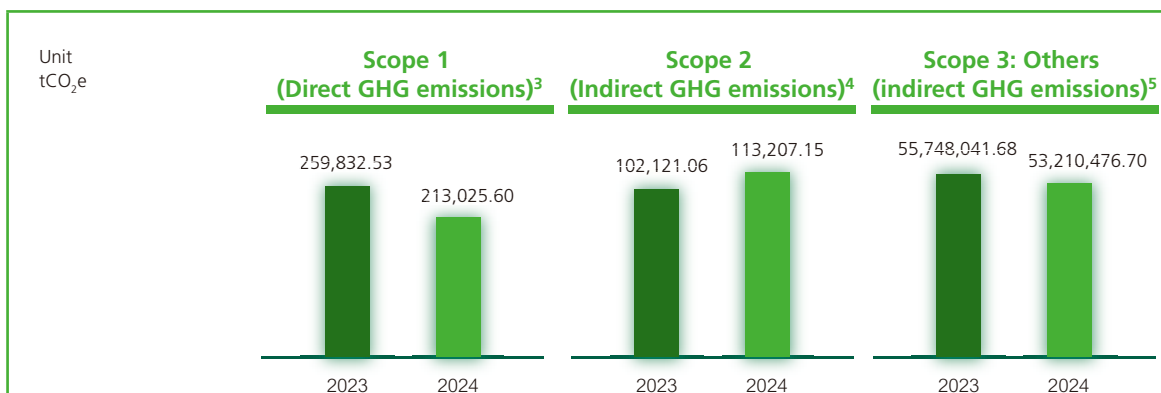
Demonstration Organisation for Implementation of Carbon Management System Standard



2022-2023 Excellent Case Certificate of EATNS Carbon Management System

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

China Gas conducts greenhouse gas inventories annually in accordance with international standards for GHG emissions accounting and reporting, ensuring a comprehensive understanding of the Group's GHG emissions. In addition, the Company continues to strengthen carbon inventories in the value chain and has disclosed some Scope 3 emissions related to business activities.



Case: Establish Pilot Hospitals for Carbon Peaking and Carbon Neutrality

As a key enterprise in Luohu District, Shenzhen, China Gas has actively responded to the policy requirements of the *Implementation Plan for the Pilot Construction of Near-Zero Carbon Emission Zone in Shenzhen* and has worked closely with the Luohu District Government to develop Luohu Hospital of Traditional Chinese Medicine into the first carbon peaking and carbon neutrality pilot hospital in Guangdong Province. This also represents the only hospital pilot project in Shenzhen.

The project incorporates a number of innovative technologies such as the addition of ice storage to the air-conditioning system, the installation of an efficient control system for the central air-conditioning system, optimisation of the central air-conditioning water system pipelines, the use of evaporative condensing devices in the multi-split air-conditioning system, the deployment of distributed photovoltaic power generation systems on the roof, the implementation of smart lighting systems, and the establishment of a digital and intelligent energy management logistics platform to achieve carbon emission reduction goals. The transformation has achieved notable results. Through systematic carbon emission reduction measures, the hospital's annual total carbon emissions have fallen from 4,908.05 tons to 2,438.01 tons, a decrease of 50.33%; carbon emissions per unit area have reduced from 64.30 kg CO₂/(m²•a) to 31.94 kg CO₂/(m²•a). In terms of energy consumption, annual electricity usage decreased by 1,759,886 kWh, a reduction of 16.65%. At the same time, the photovoltaic power generation system produced an average of 918,400 kWh per year, supplying 8.69% of the hospital's electricity demand. The project not only achieved significant energy-savings and emission-reductions but also explored a near-zero-carbon transformation model suitable for medical institutions, providing valuable experience for future large-scale promotion.



Luohu Hospital of Traditional Chinese Medicine Became the First Carbon Peaking and Carbon Neutrality Pilot Hospital in Guangdong Province

³ Scope 1 emissions include fossil fuels consumed in operations, fugitive emissions during the transmission/transportation of natural gas and petroleum gas, and external heating consumption by thermal power project companies.

⁴ Scope 2 emissions include non-renewable electricity consumed for operations.







⁵ Scope 3 emissions include Category 1 (purchased goods and services), Category 4 (upstream transportation and distribution), Category 6 (employee air travel) and Category 11 (use of products sold).

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY





Methane Emission Control

Methane emission control is a key direction for the green transformation of city gas operations. China Gas has implemented a stringent regulatory framework to control methane emissions, which includes a methane monitoring, reporting, and verification system. We have established a dedicated methane control working group to comprehensively promote methane emission verification and experimental research on methane emissions from gas facilities.

As a member of the Oil and Gas Methane Partnership (OGMP), we have pledged to control the methane emission intensity of operating assets to less than 0.15% by 2025. This goal has been verified by the OGMP 2.0 Methane Partnership. To achieve the methane emission reduction target, China Gas has implemented a number of innovative measures:

Methods for methane emission control	Specific measures
 Intrinsic safety management of equipment	<ul style="list-style-type: none"> Strengthen the renovation of old pipelines and scheduled maintenance of equipment and planned equipment and facilities maintenance of stations and pipeline network to ensure the intrinsic safety of pipelines and ancillary equipment, and strengthen the inspection of pipelines and ancillary facilities to prevent third-party damage and reduce gas leakage.
 Anti-corrosion layer inspection and management of cathodic protection system	<ul style="list-style-type: none"> Enhance the effective management of cathodic protection systems for steel pipes and increase the frequency of anti-corrosion layer inspections to reduce leakage due to pipeline corrosion.
 Emission control during pipeline connection and maintenance	<ul style="list-style-type: none"> Utilise indirect replacement methods during pipeline connection and maintenance to reduce methane emissions.
 Remote real-time leak monitoring	<ul style="list-style-type: none"> Install remote leakage detection devices on pipelines, pipe sections, and valve wells to enable 24-hour monitoring, ensuring immediate responses to leaks to reduce methane emissions.
 Application of leakage detection equipment	<ul style="list-style-type: none"> Deploy PPB-level vehicle laser methane leakage detection vehicles and Bei Dou high-precision positioning devices to proactively identify and address leakage points.
 Application of BOG recycling technology	<ul style="list-style-type: none"> Recycle boil off gas (BOG) released by LNG transport tankers and gas storage facilities to reduce methane emissions during storage and transportation.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Methods for methane emission control	Specific measures
 <p>New technology pilot application</p>	<ul style="list-style-type: none"> Pilot new technologies such as pre-coated steel pipes, small-calibre fully automatic welding machines, and automatic inspection two-wheel vehicles within the Group to further improve intrinsic safety and reduce methane emissions.
 <p>Application of digital and intelligent technology and systems</p>	<ul style="list-style-type: none"> Utilise information technology such as supervisory control and data acquisition (SCADA) platforms, inspection systems, and geographic information systems (GIS) to monitor business scenarios and send early warnings in real time to improve leak response speed.
 <p>Employee training and awareness improvement</p>	<ul style="list-style-type: none"> Provide professional training to employees on the impact of methane on the environment to enhance their environmental awareness.
 <p>External regular inspection</p>	<ul style="list-style-type: none"> Regularly conduct methane emission detection work for external units to eliminate leakage risks to the greatest extent and improve management standards.

At present, China Gas has collaborated with three professional agencies to carry out systematic testing in nearly 100 project companies in eight major regions across the country. The testing programmes strictly follow the principle of scientific sampling, and differentiated selection is carried out according to key factors such as project type, operating years, geographical location, and pipe characteristics, to ensure that all scenarios of gas transmission and distribution are covered. Through continuous data accumulation and analysis, the Group has initially established a methane emission factor library with industry reference value. In addition, we have established in-depth cooperation with renowned universities such as Harbin Institute of Technology, China University of Petroleum, and Chongqing University to jointly carry out methane emission measurement research and build a scientific and comprehensive methane emission monitoring system.

In this financial year, China Gas remains committed to controlling methane emissions and has set a goal to reduce methane leakage and emissions by 5.91% by 2025. The Group has formulated a plan for the renovation of old gas pipelines from 2022 to 2025, and is systematically reducing methane emissions through technical means such as strengthening leakage detection, anti-corrosion layer detection, cathodic protection system upgrades, and smart pipeline construction. It is estimated that these measures will effectively reduce methane emissions from multiple sources, including new pipeline replacement, pipeline transmission fugitive emissions, third-party damage emissions, gas storage facility emissions, and company vehicle transportation emissions by 2050.

In this financial year, the Group's methane emissions were 18,341 tons, with an emission intensity of 0.153%, a decrease of 2,381 tons from the previous financial year, and a reduction of 11.50%.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Energy Use Management

In the field of energy management, China Gas is committed to promoting the achievement of the Group's dual carbon goals through three major action areas: improving energy efficiency, adjusting the energy structure, and optimizing transportation on vehicles.

Energy Efficiency Enhancement

The Group is committed to adopting comprehensive measures, including the upgrading and renovation of high-energy-consuming equipment and old equipment, pipe network renovation, waste heat recovery projects, energy management system construction, and data centre micro-module technology transformation, to build a green and low-carbon operation system. We attach great importance to technological innovation and low-carbon transformation. In terms of research and development, we have successfully completed the prototype development, testing and patent acquisition of the new gas-fuelled tobacco curing barn. In addition, the Group has developed and applied industrial heat pumps and prepared technical solutions such as the *Industrial Park Research Report*.

Energy Structure Adjustment

We continue to implement measures such as switching from natural gas to electricity in canteens and for heating, rolling out energy tower projects, captive photovoltaic power generation, and purchasing green electricity, to continuously optimise the energy structure and accelerate the construction of a clean, low-carbon, safe and efficient energy system. In order to promote the use of clean energy, we have set clean electricity use targets: From 2026 to 2030, 50% of the electricity used will be clean electricity. From 2031 to 2040, 70% of the electricity used will be clean electricity. From 2041 to 2050, 90% of the electricity used will be clean electricity. From 2051 onwards, 100% of the electricity used will be green electricity.

Vehicle Use Management

The *China Gas Fleet Management Policy* provides clear guidance for the deployment, renewal and procurement management of various types of vehicles used by the Group's subsidiaries. When purchasing vehicles, we prioritise economical vehicles with small engine displacements. Additionally, we actively advocate for the replacement of fuel vehicles with electric ones, gradually working towards achieving a green transformation of the fleet. We have set a target to replace executive vehicles with electric ones gradually, with the proportion of 50% and 100% by 2025 and 2029, respectively. In addition, we have achieved the carbon emission reduction target of transportation vehicles through measures such as training and application of energy-saving driving technology, strictly controlling vehicle speed within the economic speed range, and choosing routes with good road conditions. In terms of logistics and transportation, the Group is committed to building and operating a smart vehicle transportation system, using big data, neural networks, intelligent dispatching, optimising transportation scheduling, and effectively reducing the empty load rate of transportation vehicles, thereby reducing the fuel consumption of tank trucks and cylinder transport vehicles. Once the platform operates stably, it is estimated that about 14.5% of carbon emissions can be reduced each year.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Industry-University-Research Cooperation

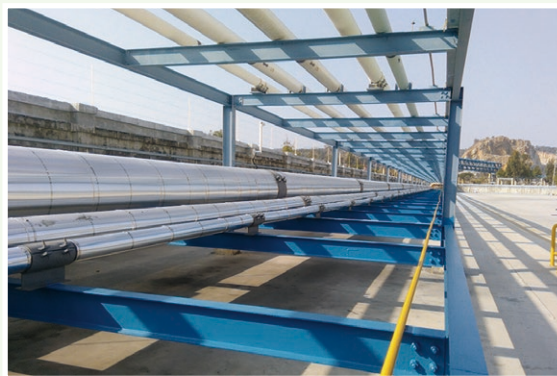
We have established in-depth cooperation with top scientific research institutions. For example, the Company held special discussions with the Guangzhou Institute of Energy of the Chinese Academy of Sciences on cutting-edge technologies such as efficient heat extraction technology for deep wells in medium and deep geothermal areas, combined heat and electricity generation technology for biomass gasification, dynamic ice storage technology, and research and development of equipment for energy utilisation of biogas residue after anaerobic fermentation of kitchen waste; discussed food processing technology with Shanghai Jiao Tong University, and conducted in-depth discussions in the field of step-by-step variable temperature and humidity control drying technology featuring energy saving, low carbon, and intelligence; and cooperated with the Institute of Physics and Chemistry of the Chinese Academy of Sciences to explore innovative energy technologies such as carbon dioxide heat pumps and energy towers.

During the reporting period, the Group's total direct energy consumption was 3,689,879.83 GJ, with an energy intensity of 0.003 GJ/GJ of energy sold. The primary sources of energy consumption included natural gas, gasoline, diesel, LPG, heavy oil, and purchased electricity used in daily operations and transportation. For a detailed breakdown of direct energy consumption, please refer to the Performance Data Table in the appendix.



Case: Fujian Meizhou Bay China Gas Innovative Pipeline Transportation Solution

As a key strategic presence of China Gas in the petrochemical industrial park of Quangan, Fujian, Fujian Meizhou Bay China Gas has played a pivotal role in enhancing the regional energy supply model since its establishment in 2018. By constructing the park's only large-scale public liquefied hydrocarbon terminal, the Company has driven innovative upgrades to the local energy infrastructure. In the current financial year, the Company achieved notable progress in energy efficiency and carbon reduction through a pipeline transportation partnership with Guoheng Chemical. Compared to traditional tank lorry delivery, the implemented pipeline solution demonstrated clear advantages – enabling cost savings for customers while significantly improving energy efficiency and reducing emissions.



Fujian Meizhou Bay China Gas Innovative Pipeline Transportation Solution

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.3.2 Promote the Development of Integrated Energy

Guided by the dual carbon goal, China Gas positions itself as a “green city operator” and actively promotes the transformation and development of its integrated energy business. It has made comprehensive efforts in the fields of thermal energy, photovoltaics, energy storage, biomass energy, etc., and has achieved remarkable results.

Thermal Energy Sector

Starting from the customer demand for low-carbon transformation, energy conservation and cost reduction, China Gas integrates innovative technologies such as multi-energy complementarity, green and low-carbon technologies, smart and efficient solutions according to local conditions, focusing on the fields of construction, industry, parks, etc., and tailors comprehensive energy supply and low-carbon intelligent solutions such as cold, heat (steam), and electricity for customers. In FY2024/25, China Gas successfully put into operation 11 comprehensive energy projects in key cities such as Beijing, Tianjin, and Shanghai, with a total energy supply area of 589,000 m², covering diverse application scenarios such as residential communities, office buildings, stadiums, and care homes.



Case: China Gas at the 2025 ZGC Forum, Showcasing Cutting-edge Achievements in Smart Energy

On 30 March 2025, the Beijing Enterprises Group Company Ltd.’s event of the 2025 ZGC Forum with the theme of “Technology Empowering Urban Sustainable Development” was held in Beijing. Mr. Mingxing Liu, Non-executive Director of China Gas, Director of the Strategic Committee, Chairman of China Gas Smart Energy, Professor and Doctoral Supervisor at Peking University, was invited to deliver a keynote speech on *Innovation in New Energy Heating and Coordinated Development Strategy of Technological Housing under the Dual Carbon Goals*, which attracted a lot of attention from the industry. Mr. Xiangdong Liu, the General Manager of China Gas Smart Energy Technology Centre, released the major scientific and technological achievement of Financial and Efficiency Dual-Driven Closed Heat Source Tower Matrix on behalf of China Gas, and demonstrated a number of cutting-edge smart energy solutions such as the new integrated hot and cold high-efficiency computer room system with closed energy tower technology as the core, which attracted attention from both inside and outside the industry. It not only demonstrated its profound accumulation in energy technology innovation, but also provided new ideas and directions for promoting the industry’s green and low-carbon transformation.



China Gas at the 2025 ZGC Forum

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY



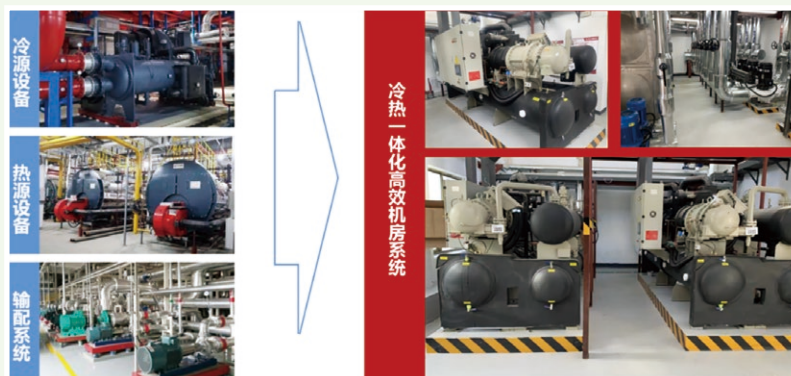
Case: Development of Cooling-Heating Integrated High-Efficiency Plant System

After three years of dedicated research and development, China Gas successfully launched an integrated heating and cooling system based on closed-loop energy tower technology, overcoming technical bottlenecks in ultra-wide temperature range water supply – from -40°C to 70°C – and enabling a single system to meet dual energy storage requirements for both heating and cooling.

This solution demonstrates three key breakthroughs:

- Achieves a coefficient of performance (COP) of ≥ 3.0 under extreme conditions, as validated by winter field tests in Beijing.
- A single unit can provide heating for 100,000 m^2 of residential area, addressing long-standing industry challenges of equipment noise (maintained below 55dB) and spatial constraints (reduced footprint by 40%).
- Ensures continuous and safe energy supply for up to 72 hours even in extreme cold environments as low as -30°C .

In a market context without government subsidies and with a peak/off-peak electricity price difference exceeding RMB0.8/kWh, the pilot projects have achieved an investment payback period of less than five years. The system has already been successfully piloted in seven provinces and cities, including Beijing and Tianjin, and is now being expanded to cold-climate regions such as Qinghai.



Development of Cooling-Heating Integrated High-Efficiency Plant System

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY



Case: Pilot Projects for Household Underfloor Heating Units

During the reporting period, China Gas successfully launched pilot projects for household underfloor heating units in Xiaogan and Nanjing. Leveraging high-efficiency heat pump technology with a coefficient of performance (COP) exceeding 2.5, the projects achieved significant reductions in energy consumption and operational costs. Compared with traditional gas-fired wall-mounted boilers, the household underfloor heating units reduced winter operating costs by 35% to 55%. When residential electricity tariffs are applied, energy costs can be further reduced by up to 44%, offering a cost-effective and environmentally friendly heating alternative for residential users.



Pilot Projects for Household Underfloor Heating Units

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Photovoltaic Sector

China Gas has actively advanced its distributed photovoltaic (PV) development initiatives, achieving notable progress in promoting green energy trading and supporting low-carbon development. On the generation side, the Group has accelerated the construction and operation of PV projects; on the retail side, it has actively engaged in green electricity trading to drive the adoption and application of renewable energy. In FY2024/25, China Gas prioritised cumulative investment and construction in key projects in the photovoltaic sector have reached 59.5 MW, with a total installed capacity of 135 MW. Several subsidiaries installed distributed PV systems for self-generated and self-used electricity, generating a total of 480,900 kWh during the reporting period. The Group's green electricity and green certificate trading volume reached 33,942 MWh, significantly surpassing the set sales target.



Case: Yili ASEAN Distributed PV Project in Nanning

This year, China Gas successfully put into operation the Nanning ASEAN Yili 1.3 MW distributed PV project, breaking through the traditional rooftop photovoltaic model and making full use of the Company's parking sheds, pedestrian corridors and other spaces to lay PV modules. It not only built a pedestrian passage for employees to shelter from the rain, but also set up multiple cultural display boards in the corridor, providing a green and beautiful landscape to showcase the corporate culture, and fully demonstrating China Gas's innovative practical ability in the photovoltaic field.



Yili ASEAN Distributed PV Project in Nanning

Energy Storage Sector

Based on the philosophy of "strengthening fundamentals and fostering growth", China Gas has deployed energy storage projects on a large scale in the industrial and commercial fields to ease the peak-shaving pressure of the power grid and reduce the energy consumption costs of enterprises, while simultaneously expanding the electricity spot trading and ancillary service markets. The Group actively explores the "energy storage +" business model, integrates business scenarios such as PV, charging piles, and industrial energy conservation, aggregates multi-format resources to build virtual power plants, and promotes comprehensive energy efficiency services in key regions such as the Yangtze River Delta and the Greater Bay Area. Leveraging a digital platform, the Group enables multi-source data integration and analytics to break down traditional operational silos, align energy pricing trends with user demand, and establish a diversified profit model. This includes applications in low-carbon technologies, digital power solutions, and expansion into overseas markets – all contributing to the Group's strategic transformation from a traditional gas supplier into a comprehensive energy service provider. As of today, a number of flagship projects have been implemented:

- The Meizhou Yinghua Technology project – comprising energy storage, a 110 kV substation, and power sales – was officially signed on 3 December 2024;
- The Shengya Nonferrous Metals project in Wuxi, Jiangsu integrates energy storage, photovoltaics, and a virtual power plant. The storage system is already in operation and performing well. The virtual power plant is under construction and has been partially connected to the Haida 30 MWh trial operation platform in Jiangyin. In future, it will support additional loads from the projects in Wuxi (Shengya included); and
- The first phase of the Integrated Energy Service Platform's virtual power plant project commenced initial functional trial operations on 30 March 2025.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Biomass Energy Sector

As a member of the China Association for the Promotion of Industrial Development (CAPID) Biomass Energy Industry Promotion Association (BEIPA) and the China Biogas Society, China Gas is actively contributing to the advancement of biomass energy in China. In 2024, the Group participated in the China Biogas Society Academic Annual Conference to stay abreast of industry developments and emerging trends in biomass energy. Leveraging its extensive urban and rural gas network infrastructure, China Gas is focusing on developing biomass-based heating, steam supply, and related projects – continually expanding its footprint in the rural energy market. These efforts help to reduce the carbon intensity of the Group’s traditional gas operations while advancing an integrated ‘gas-heat-electricity’ business model. These projects mitigate air pollution caused by straw burning, promote the recycling of agricultural and forestry waste, support rural environmental improvement, and create opportunities for increasing farmers’ incomes and promoting low-carbon employment. To date, China Gas has partnered with local stakeholders to establish biomass briquette fuel processing plants in multiple regions. Several biomass pellet fuel processing plants have already been commissioned and are in stable operation:



Biomass clean heating plant of Youfang Town New Materials Industrial Park in Yangzhong



Steam supplement plant of Taixing China Gas Thermal Power Development Co., Ltd.



Biomass clean heating plant of Zhangzhou China Gas New Energy Technology Co., Ltd.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.3.3 Water Resource Management

To ensure the effective implementation of water management measures, the Group has set water management objectives. We are committed to reducing water consumption from 2020 (baseline year) to 2025 (target year). This objective has been broken down into targets to be achieved by different operation sites:

- The standard for administration buildings: 70 litres per person per day;
- The standard for water consumption in dispatch centres, office buildings of stations, customer service centres and some other offices: 110 litres per person per day;
- The water replenishment standard for gas boilers: Less than 3 tons per month; and
- The water replenishment standard for fire reservoirs: Less than 5 tons per month.

Water Resource Conservation and Utilization

To achieve its water conservation targets, China Gas has implemented a water efficiency management plan that involves all employees. We have established water utilisation systems and processes, as well as implemented various water conservation management measures in projects and offices:

- Use recycled water for natural gas compressors, ice makers, sprinkler systems, and other water consumption appliances to improve water efficiency;
- Install facilities for rainwater collection to recycle water;
- Adopt induction-type taps and flushing devices to save water;
- Regularly inspect and maintain water pipes, valves, and other facilities to reduce water waste caused by leakage;
- Select easy-to-grow, drought-resistant plants, and develop a reasonable watering schedule based on the plant type, season, and environmental conditions to reduce water waste during the green plant maintenance;
- Post water conservation signs, conduct employee training and strengthen publicity on environmental protection to raise employees' environmental awareness and responsibility.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Throughout the Reporting Period, our total water consumption reached 2,454,220.66 tons, with a water intensity of 1.73 kg/GJ of energy sold. A detailed breakdown of water consumption by source is provided in the table below.

Water consumption by source	Unit	FY2024/25	FY2023/24
Municipal water supply or other water facilities	ton	2,181,337.97	2,722,189.64
Groundwater	ton	139,198.03	69,772.39
Surface water	ton	79,340.66	85,660.00
Sea water	ton	54,344.00	23,944.00
Total	ton	2,454,220.66	2,901,566.03

Wastewater Management

China Gas complies strictly with relevant laws and regulations, including the *Water Pollution Prevention and Control Law of the People's Republic of China*, and consistently enhances its water pollution prevention and control system. By following the principles of “focusing on source control, strengthening monitoring methods, adopting centralised wastewater treatment, and improving emergency response system”, the Company actively works to control and prevent potential water environment pollution. China Gas ensures that the impacts of its activities on water align with national standards and requirements through various measures to prevent and control water pollution:

- Strengthen the collection and treatment of wastewater, and regularly inspect wastewater treatment devices and wastewater tanks to prevent leakage of production and domestic wastewater and avoid pollution to the water environment in the surroundings ;
- Take anti-seepage measures for the wastewater treatment devices, wastewater tanks and garbage bins, and construct rain and wastewater diversion systems within the stations ;
- Establish special emergency plans for water sources, formulate water pollution prevention and control systems and processes, clarify the obligations of each department, and monitor water quality; in case of a water pollution accident, activate emergency plans promptly, identify and cut off pollution sources, and determine the extent and scope of pollution ;
- Adopt wastewater treatment technologies such as the biological treatment and membrane technology to treat and recycle wastewater, so as to recycle water resources and reduce water stress and water waste ;
- Provide employees with training on water conservation to enhance their environmental awareness and sense of responsibility, thereby further reducing the risk of water pollution.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

In this financial year, the Group's wastewater originated primarily from production processes, equipment cleaning, and employee domestic use. The total volume of wastewater discharged was 1,275,649.42 tons, with the breakdown by discharge destination as detailed below.

Wastewater discharge by destination	Unit	FY2024/25	FY2023/24
Municipal wastewater treatment plants or other wastewater treatment facilities	ton	961,486.88	893,526.65
Groundwater	ton	77,019.09	80,208.07
Surface water	ton	230,989.69	447,972.27
Sea water	ton	6,153.76	169.00
Total	ton	1,275,649.42	1,421,876.00

4.3.4 Emissions Management

Waste Gas Management

China Gas strictly complies with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Emission Standard of Air Pollutants*, the *Emission Standard of Air Pollutants for Boiler*, and other applicable regulations governing waste gas.

To effectively manage and reduce waste gas emissions, the Group has implemented three core initiatives:

- **Equipment Upgrades and Retrofits:** systematic maintenance and technological upgrades of ageing equipment to improve efficiency and reduce emissions.
- **Process Innovation:** ongoing optimisation of engineering and technical processes to minimise emissions at the source.
- **Accelerated Energy Transition:** active promotion of clean energy technologies, including natural gas boilers, biomass boilers, and heat pumps, alongside the implementation of key initiatives such as 'coal-to-gas' conversions, aimed at reducing fossil fuel consumption and associated emissions.

For a detailed breakdown of waste gas emission data during the reporting period, please refer to the Performance Data Table in the appendix.

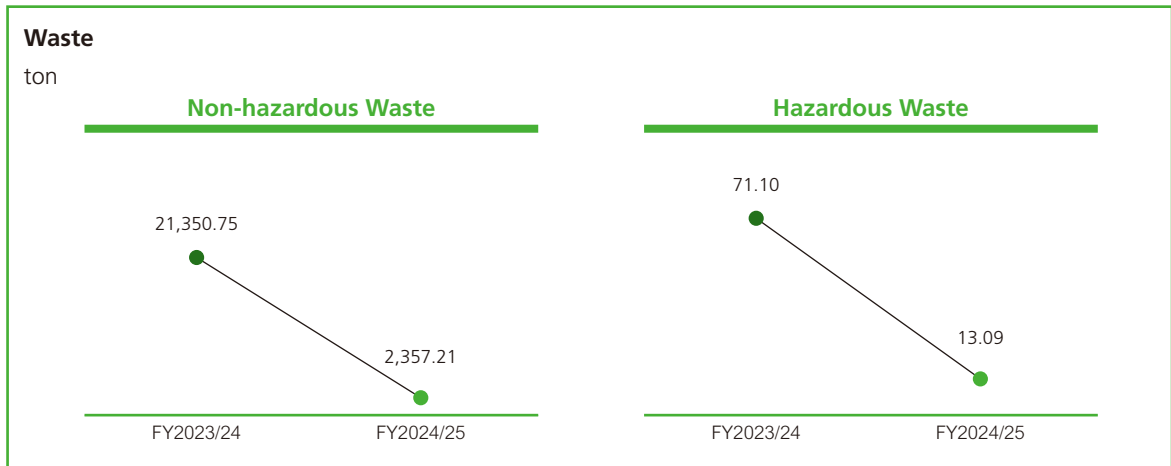
4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Waste Management

China Gas strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relevant regulations governing solid waste management. We've established a comprehensive and scientific management system covering the entire lifecycle of waste – from generation and classification to collection and disposal. To promote the resource-efficient utilisation of solid waste, the Group has implemented a range of initiatives, including the establishment of waste reduction targets, the continuous improvement of the waste classification management framework, and the implementation of waste recycling and treatment programs.

For a detailed breakdown of material and packaging material consumption during the current financial year, please refer to the Performance Data Table in the appendix.

China Gas generates different types of waste in its daily operations, among which non-hazardous waste mainly includes office and domestic waste, non-hazardous parts generated during the manufacturing and maintenance of gas appliances, and a small amount of waste residue generated by cleaning gas pipelines. During this financial year, all non-hazardous waste of the Group was still regularly removed and landfilled by the environmental sanitation department to ensure hygiene and environmental safety. On the other hand, hazardous waste includes waste batteries, waste lamps, waste machine oil, waste chemicals and hazardous metallic components in waste circuit boards of gas appliances. This type of waste needs to be entrusted to recycling and treatment units with relevant qualifications for compliant disposal to achieve 100% recycling to avoid harm to the environment and human health.



In addition, China Gas has advanced the reduction, resource utilisation, and safe disposal of waste through a range of integrated measures. For example, the Group has established a reverse logistics network with the warehouse in Zhongshan as the centre, enabling the effective recovery of defective appliances and enhancing circular resource use. To reduce material waste and improve durability, the Group has fully transitioned from wooden pallets to 100% recyclable HDPE plastic pallets, significantly extending their service life to 5–10 years. Packaging material usage has also been optimized, with plans to replace foam with honeycomb paper and to substitute plastic accessory bags with paper alternatives. Furthermore, environmental protection clauses have been incorporated into supplier contracts, explicitly requiring that all raw materials comply with national environmental standards and are supported by third-party testing certifications.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.3.5 Green Office

China Gas actively advocates for the concept of green office operations and has, over the years, implemented a series of measures to reduce carbon emissions associated with administrative activities. These include encouraging video conferencing, facilitating remote work, minimising business travel, and optimising energy consumption through the controlled use of air conditioning and lighting systems. The Group is committed to fostering an environmentally responsible and energy-efficient workplace. We introduced the *7S Office Environment Management System*, which is guided by the principles of Sort, Set in order, Shine, Standardise, Sustain, Safety and Save. In collaboration with Fuji Xerox, the Group has also implemented the *Office Printing Improvement Programme* to promote environmentally conscious printing habits among employees, while advancing the use of eco-friendly office supplies and equipment. Additionally, the Group issued the *China Gas Management Regulations on Business Travel* to standardise business travel and hospitality practices.

Management dimension	Management measures
Operational energy efficiency management	<ul style="list-style-type: none"> Adjust and control air conditioning usage to conserve office electricity consumption. Establish a visualised and intelligent energy management system. For major office buildings, collect and analyse energy consumption data from office equipment, lighting, and air conditioning to develop targeted energy efficiency improvement measures.
Promoting green office habits	<ul style="list-style-type: none"> Promote paperless office practices and encourage reuse of printed documents. Encourage employees to print on both sides to reduce paper usage. Promote the use of shared office supplies to improve resource utilisation efficiency.
Encouraging low-carbon travel	<ul style="list-style-type: none"> Optimise electronic office systems and promote video conferencing to reduce unnecessary business travel. Implement low-carbon commuting incentive programs to encourage employees to use public transport or new energy vehicles. The Group also explores low-carbon lifestyle initiatives within the organisation, such as remote work arrangements, to reduce commuting-related carbon emissions.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.4 ECOLOGICAL AND ENVIRONMENTAL PROTECTION

We attach great importance to biodiversity conservation and integrate ecological protection principles across the entire lifecycle of all projects. The Group strictly complies with local environmental and biodiversity assessment requirements and adopts a multi-dimensional approach – including policy development, risk management, and awareness campaigns – to safeguard diverse species and their habitats while maintaining ecological balance.

4.4.1 Biodiversity Protection System

To ensure biodiversity considerations are embedded in all business operations and to be proactive in ecosystem restoration, China Gas has established a formal *Biodiversity Protection Policy*.

- **Pre-construction:** the Group conducts comprehensive Environmental Impact Assessments (EIA), safety pre-assessments, and social stability risk evaluations. Site selection adheres strictly to ecological red line regulations. Through scientific planning and rational layout design – while maintaining required safety distances – we minimise land acquisition.
- **Construction:** construction boundaries are clearly defined to avoid unnecessary disruption. Existing vegetation within the designated area is strictly protected, and the removal of grass, trees, or other flora for construction convenience is explicitly prohibited. Environmental management plans and risk mitigation measures outlined in assessment reports are implemented in full.
- **Post-construction:** environmental acceptance inspections are carried out in accordance with regulatory standards. Timely ecological restoration activities are undertaken to rehabilitate soil and surface conditions within the construction zone. These efforts aim to minimise soil erosion and meet broader ecological conservation requirements.

In alignment with global sustainability goals, China Gas is committed to the principle of net-zero deforestation and has set a target to achieve net zero deforestation by 2035. For further details, please refer to the Group's *Biodiversity Protection Policy*, available on the official website (www.chinagasholdings.com.hk).

Furthermore, we encourage suppliers to engage in biodiversity protection, river clean-up, afforestation, and rare species conservation via the *China Gas Supplier Code of Conduct*. Suppliers are expected to comply with the Group's no-deforestation policy and implement greening measures – such as planting turf and trees – on suitable land to reduce exposure and degradation.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.4.2 Biodiversity Risk Assessment

China Gas adopts the Locate-Evaluate-Assess-Prepare (LEAP) framework recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) to conduct biodiversity risk assessments for key project areas. This methodology guides the identification and geographic mapping of areas potentially affected by project activities, the classification and evaluation of associated ecological risks, and the formulation of mitigation measures during both construction and operational phases. It also informs the preparation of contingency plans and follow-up arrangements to minimise long-term environmental impacts. The scope of biodiversity risk assessments extends to terrestrial and aquatic species located within the operational boundaries of stations and pipeline routes, as well as in ecologically sensitive areas adjacent to the Group's business activities. Assessments cover a wide range of ecological indicators, including the diversity, distribution, and conservation status of species and habitats, including:

- **Terrestrial vascular plant diversity:** flora composition, vegetation type and distribution, vegetation biomass and productivity in the assessment area, and distribution of national key protected wild plants, etc.
- **Terrestrial wildlife diversity:** amphibians, reptiles, birds, mammals, etc.
- **Aquatic biodiversity:** aquatic habitats, aquatic plants, phytoplankton, zooplankton, benthic animals, fish, important habitats such as the 'three fields' of fish, and key wild protected species, etc.



Case: Shandong China Gas Baogang Liquefied Hydrocarbon Storage Project: Strict Compliance with Ecological Protection Red Line

Located in the Dongying Port Economic Development Zone, the Shandong China Gas Baogang Liquefied Hydrocarbon Storage Project commenced construction in March 2024. The project is designed to provide supporting and supply services to deep-processing businesses within the industrial park. Prior to construction, an *Environmental Impact Assessment Report for the China Gas Baogang Liquefied Hydrocarbon Storage Project* was completed. Throughout both the planning and construction phases, the project strictly adhered to national ecological protection requirements. By implementing scientific assessments and rigorous compliance measures, the project effectively minimised its potential impact on the surrounding ecological environment.

- **Compliance with the Ecological Protection Red Line:** Based on the ecological red line plans of Shandong Province and Dongying, the project site is located approximately 4.01 kilometres from the nearest ecological red line zone for biodiversity conservation in the Yellow River Delta, ensuring no encroachment into restricted areas. Moreover, there are no ecological protection targets – such as drinking water source protection zones – within the vicinity, confirming full compliance with ecological red line requirements.
- **Strict Adherence to Environmental Quality Baselines:** Soil and acoustic environmental conditions near the project site meet relevant regulatory standards. Following project implementation, there were no emissions of key pollutants – including sulfur dioxide, nitrogen oxides, and particulate matter. Only a minor amount of fugitive VOCs may be released from sealed points. Forecasting indicates that ambient concentrations of these emissions will remain within permissible limits. Minimal volumes of process water – such as cooling water from spherical tanks and surface wash water – will be collected via pipelines, treated onsite, and subsequently sent to the park's centralised wastewater treatment plant for further processing before final discharge into Shenxian Canal. Thanks to anti-seepage infrastructure, wastewater impact on surrounding areas is minimal. In addition, Dongying has introduced a regional environmental improvement plan, ensuring the project's operation will not degrade local environmental quality. Overall, the project has been evaluated to meet the approval criteria outlined in the *Administrative Measures for the Environmental Protection of Construction Projects*.
- **Compliance with Resource Utilisation Limits:** In daily operations, the project consumes only modest amounts of electricity, water, and other resources. Its overall consumption is minimal relative to regional capacity and therefore complies with the designated upper limits for resource utilisation.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.5 ENVIRONMENTAL ADVOCACY

China Gas is committed to promoting environmental protection advocacy, creating a good green office atmosphere, continuously enhancing employee environmental management and environmental awareness training, improving employees' environmental awareness and environmental professional capabilities, and actively practising corporate social responsibility.

In terms of office environment optimisation, we incorporate green design principles into our office and operational environments. Targeted landscaping initiatives have been implemented in office and living areas, including the planting of ornamental evergreen trees, the installation of landscaped flower beds, and the development of small garden spaces. These initiatives aim to create a sustainable, aesthetically pleasing working environment while subtly integrating the principles of sustainable development into employees' daily routines.

In the area of biodiversity protection, we deliver ecological protection training by integrating biodiversity knowledge into staff development programmes. Targeted ecological initiatives are carried out at project sites to enhance habitat preservation. Meanwhile, the Group organises community outreach and public education campaigns to raise awareness among employees and the wider public regarding the importance of biodiversity conservation.

For public environmental education, we focus on carrying out environmental education activities during project construction and operation, guide employees to understand and pay attention to the natural ecological environment, and encourage employees to actively participate in environmental protection public welfare activities to enhance their environmental awareness and sense of responsibility. Through diversified environmental protection publicity and education activities, we encourage the public to transform environmental protection concepts into daily actions and practice resource conservation and low-carbon lifestyles. In addition, we build an environmental co-governance platform with the participation of multiple parties, establish a regular communication mechanism with the government, communities, and environmental protection organisations, and disseminate environmental protection concepts and China Gas's practical achievements to the public through official websites, WeChat Official Accounts, traditional media and other channels, effectively enhancing the public's participation in environmental protection, and jointly driving collective progress in ecological protection and promoting ecological environmental protection.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY



Case: “Protect the Mother River, Environmental Protection Public Welfare Day Out” Themed Party Day Activity

In alignment with the national strategy for advancing ecological civilisation, on 6 August 2024, the Second Party Branch of the Party General Committee of Baotou China Gas Co., Ltd. organised a themed Party Day initiative titled “Protect the Mother River, Environmental Protection Public Welfare Day Out”. Party members, prospective members, and youth league members participated in the activity, which combined red education with hands-on environmental action. The event began with a visit to the Wangsan Red Exhibition Hall to honor and learn from revolutionary history, followed by a collaborative river cleanup campaign alongside the Donghe Volunteer Team. Volunteers undertook a systematic clean-up along the banks of the Yellow River, removing cigarette butts, plastic bags, and other waste from roadsides, grassy areas, and riverbanks – restoring the natural environment along the river. This initiative exemplifies the integration of party member community building with ecological protection and underscores the strong environmental commitment of the frontlines of the party organisation in China Gas.



Scene of the “Protect the Mother River, Environmental Protection Public Welfare Day Out” Themed Party Day Activity

We firmly believe that environmental protection is the shared responsibility of enterprises and society. In the future, we will continue to enhance our practices of green development and work with all stakeholders to create a bright future of sustainable development through more innovative environmental advocacy initiatives.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

4.6 GREEN FINANCE

China Gas continues to drive innovation in sustainable finance, advancing the Group's low-carbon transformation through the development of a diversified green financing framework. We proactively utilise a range of green financial instruments – including, but not limited to, green medium-term notes and sustainability-linked loans (SLL) – to channel funds exclusively into eligible green projects, such as clean energy development and the deployment of energy conservation and emission reduction technologies. In international markets, the Group has issued sustainability loans with financing terms aligned to the United Nations Sustainable Development Goals (SDGs), incorporating performance indicators across areas such as energy and emissions, employee training, and gender equality. At the same time, China Gas emphasises the social impact of its financing activities and has launched instruments such as social responsibility syndicated loans and rural revitalisation medium-term notes to support rural development. These efforts exemplify the integration of commercial value with corporate social responsibility, offering a benchmark for sustainable finance practices within the industry.

As of 31 March 2025, the Group's ESG-related loans had reached an equivalent of HK\$6.19 billion.

➤ Green Medium-Term Notes

In January 2025, China Gas successfully issued its first green medium-term notes of the year, raising RMB500 million. The proceeds are designated for the renovation and upgrade of gas pipeline infrastructure in Yulin (Guangxi Province), Hohhot (Inner Mongolia Province), Jinzhou (Liaoning Province), and Wuhu (Anhui Province). The notes facilitate the clean energy usage and the enhancement of energy efficiency throughout the process. The use of natural gas as a clean energy source helps to optimize the regional energy structure, reduce acid rain formation, and mitigate the global greenhouse effect. Additionally, by replacing outdated pipelines and deploying high-efficiency equipment such as intelligent pressure regulators and high-precision flow metres, the projects significantly reduce transmission losses and improve overall energy efficiency.

➤ Sustainability-Linked Loans

China Gas launched a sustainability-linked loan in alignment with key global standards, including the *Sustainability-Linked Loan Principles* (SLLP) (March 2022), the UN SDGs, and the *Performance Standards on Environmental and Social Sustainability* (2012) by the International Finance Corporation (IFC) and other relevant standard requirements. Valued at RMB300 million, the loan is linked to a performance target requiring China Gas to renovate no less than 700 km of ageing natural gas pipelines annually from 2022 to 2024. This financing is designed to support the Group's long-term sustainability strategy and has received a certified green assessment report from United Equator Certification.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

➤ Social Responsibility Syndicated Loans

In June 2022, China Gas Capital Management Co., Ltd., a wholly-owned subsidiary of the Group, signed a three-year social responsibility syndicated loan agreement at an equivalent amount of US\$500 million with multiple overseas banks. This project, marked the first social responsibility syndicated loan in the Greater China region, has innovatively combined the Group's rural coal-to-gas projects in Northern China and the UN SDGs, and incorporated compliance and performance clauses of social responsibility loans based on the international "Green Finance Loan Framework" principles. This syndicated loan agreement could not only optimise the Group's debt structure, reduce financing costs, and strengthen cooperation with banks, but also demonstrate China Gas's commitment to promoting win-win development for society and the Group, laying a solid foundation for the Group to achieve high-quality and sustainable development strategies. The project has won the Outstanding Award for Green and Sustainable Loan Issuer – Visionary Social Responsibility Framework Award and the Pioneering Organisation in Climate Disclosure Planning Award granted by Hong Kong Quality Assurance Agency, along with the Annual Award for Best Social Responsibility Loan granted by The Assets of Hong Kong.

➤ Medium-Term Notes (Rural Revitalisation)

In active response to the national Rural Revitalisation strategy, China Gas issued the 2023 Series 1 medium-term notes (Rural Revitalisation) in September 2023, further promoting the Group's green finance practices. The actual issued amount of the notes is RMB1.5 billion, of which no less than 30% is planned to be used for the construction of the Rural Revitalisation linked project, Coal-to-Gas Project in Leting, Tangshan, Hebei, to facilitate the optimisation of the energy structure in rural areas, the use of clean energy, and the improvement of the quality of rural living environment.

4.7 RESPONSE TO CLIMATE CHANGE





China Gas recognises the profound impact of climate change on industry development and the Company's business strategy and continues to strengthen its climate governance mechanisms. Adhering to the HKEX's *Guidance on Climate Disclosures*, and frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD) and the *IFRS S2 Climate-related Disclosures* under the International Financial Reporting Standards, China Gas has built a comprehensive climate change management system and advanced its climate-related initiatives across four key dimensions: governance, strategy, risk management, and metrics and targets. Climate-related factors are deeply embedded into the Group's strategic decision-making and operational management processes. By conducting climate scenario analysis, China Gas systematically identifies, assesses, and responds to climate-related risks and opportunities. For key project companies, financial impact analyses are also conducted to inform the development of tailored climate risk response plans and support the ongoing enhancement of climate resilience.

4.7.1 Governance

China Gas has formulated a *Climate Change Policy* to guide the Group and its subsidiaries operating under its management in identifying and responding to climate-related risks and opportunities. The Policy outlines the application of advanced methodologies to mitigate the impacts of climate change and has established an annual evaluation mechanism. Results of climate risk assessments are regularly reported to the Safety Committee and the Sustainability Committee to ensure timely evaluation and response to emerging risks. For full policy details, please refer to the *Climate Change Policy* available on the Group's official website (www.chinagasholdings.com.hk).

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

China Gas has established a well-defined and clearly-tiered structure for managing climate-related risks, embedding climate risk governance into its broader corporate governance system. The Board of Directors, as the supreme decision-making body, oversees all sustainability initiatives, including the management of climate-related risks and opportunities. Under the Board, the Sustainability Committee is responsible for monitoring climate issues and formulating strategic responses. To implement these plans effectively, the Corporate Governance and Risk Control Committee (CGRC Committee) is tasked with strengthening climate risk management practices. The Sustainability Committee Leadership Group and Sustainability Committee Office are responsible for coordinating, executing, and supervising all sustainability initiatives to ensure their effective implementation. For further details on the Group's sustainability governance structure, please refer to the "Sustainability Governance" section of this report.

Climate Change Risk Management Structure	
 <p>Board of Directors</p>	Responsible for coordinating sustainability efforts and has supreme decision-making power over related efforts, making decisions about, deploying, and guiding material issues and strategies on sustainability, including climate risk-related issues.
 <p>Sustainability Committee</p>	In charge of monitoring the significance of climate-related issues and developing strategies to reduce losses caused by climate-related risks, ensuring that the Group reports climate change-related goals and performance in an accurate and transparent way.
 <p>Corporate Governance & Risk Control (CGRC) Committee</p>	Ms. Yanyan Chen (independent non-executive Director), Chairman of the CGRC Committee of the Group, is also responsible for strengthening climate-related risk management, conducting internal risk assessments, and identifying the impact of related risks on our business under the leadership of the Board of Directors.
 <p>Sustainability Committee Leadership Group & Sustainability Committee Office</p>	Assist the Sustainability Committee in coordinating, executing, and supervising the sustainability-related efforts of the Group to make them effectively coordinated and implemented.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

The Board of Directors convenes a minimum of four regular meetings annually. The Sustainability Committee is tasked with reporting to the Board regarding discussions on climate-related risks and the identified opportunities. Throughout this financial year, the meeting focused on reviewing the progress of work related to climate change this year. The Board has comprehensively evaluated the effectiveness of the implementation of the Carbon Neutrality Roadmap, and has continued to follow up on the latest international climate policy developments to deepen the Group's understanding of climate risk management and seizing opportunities, so as to ensure that the Company remains an industry leader in addressing climate change.

In addition, we promote the implementation of climate change management goals by establishing a scientific performance-linked mechanism. The Group directly links key ESG indicators such as carbon neutrality, energy conservation and emission reduction to the performance appraisal and compensation systems of directors and senior management. For example, clear assessment weights are set for quantifiable indicators like carbon emission intensity, which are included in the total performance appraisal score, or the effectiveness of climate governance is comprehensively evaluated through dimensions such as "strategic contribution" and "management efficiency". Meanwhile, we set ESG performance appraisals and incentives for each functional department, and include indicators such as carbon emission management and climate risk governance in their annual value creation evaluation. Furthermore, the Group has put in place a dynamic tracking mechanism: in the event of significant deviations in key environmental indicators identified through quarterly reviews, the Group will promptly initiate adjustments to the performance evaluation scheme to ensure the timeliness and responsiveness of its management measures.

4.7.2 Strategies

In this financial year, China Gas has continued to deepen and enhance its climate risk assessment work by systematically identifying and monitoring potential climate risk factors through a structured evaluation process. By referencing the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs), particularly RCP2.6 and RCP8.5, which represent warming scenarios below 1.5°C and 4°C, China Gas evaluates the severity, likelihood, and vulnerability of these risks across short-term, medium-term, and long-term timeframes. Moreover, China Gas considers the short-term (0-5 years), medium-term (5-10 years), and long-term (over 10 years) effects on climate risks to assess the impacts on business, strategy, and financial planning using a combination of qualitative and quantitative methods to determine their risk levels. We conducted screenings for both acute and chronic physical risks across all operational locations, analysing the impacts of policies and laws, market conditions, and reputation on the Company in order to identify potential climate risks.

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

The list of climate risks we have identified in this financial year is as follows:

Risk type	Risk	Impact on business, strategy & financial planning	Time span	Risk level
Physical risk (acute risk)	Fluvial flooding	<ul style="list-style-type: none"> The rise of water exacerbates flood disasters, damages assets and infrastructure and increases the cost of repairing damaged facilities Rising water levels can destroy equipment, leading to operational disruptions and reduced business revenue 	Medium to long term	Very high
	Coastal flooding	<ul style="list-style-type: none"> The rise of water exacerbates flood disasters, damages assets and infrastructure and increases the cost of repairing damaged facilities Sea water intrusion can damage equipment, leading to operational disruptions and reduced business revenue 	Medium to long term	Very high
	Extreme precipitation	<ul style="list-style-type: none"> The growing number of days with heavy rainfall and the increase of the rainfall lead to a higher risk of flooding in infrastructure and increased costs of repairing damaged facilities Urban flooding can cause equipment failures, leading to operational disruptions and reduced business revenue 	Medium to long term	High
	Strong wind/ cyclone	<ul style="list-style-type: none"> Torrential rains cause widespread water accumulation, delaying gas supply/transport services Strong winds or cyclones can damage infrastructure (gas pipelines and supply facilities), increasing repair costs and reinforcement expenses 	Short term	Very high
	Landslide and mudslide	<ul style="list-style-type: none"> Landslide and mudslide increase the risk of infrastructure (gas pipelines and gas supply facilities) damage and service (gas supply and transmission) interruption, leading to higher maintenance costs and decreases in revenue 	Short term	Medium
	Drought	<ul style="list-style-type: none"> It causes water scarcity, reduces business operational efficiency, and results in a decrease in revenue and increases fire safety risks 	Long term	Very low

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Risk type	Risk	Impact on business, strategy & financial planning	Time span	Risk level
Physical risk (chronical risk)	Sea level rise	<ul style="list-style-type: none"> It increases the risk of flooding, sea water erosion and other damages, causes damages to assets and infrastructure and delays in operations, increases the costs of repairing damaged facilities, and results in decreases in revenue 	Long term	Potential risk
	Extreme heat	<ul style="list-style-type: none"> Prolonged high temperatures can affect the work efficiency and physical health of outdoor employees, increasing the risk of heat-related illnesses, reducing productivity, and increasing lost workdays. High temperatures can cause equipment to overheat, accelerating equipment aging, reducing durability, increasing failure rates, and shortening replacement cycles. 	Long term	Medium
	Extreme cold	<ul style="list-style-type: none"> Frozen soil causes buried pipes to lift, resulting in safety hazards and increasing expenditure on pipeline network renovation to respond to extreme cold 	Long term	Medium
	Global warming	<ul style="list-style-type: none"> It results in more extremely hot days, affects the health of employees and the durability of equipment, and results in a decline in overall productivity It leads to an increase in the frequency of extreme weather (e.g. strong winds/cyclones, extreme precipitation, etc.), resulting in damage to assets and infrastructure, interruption of operations, revenue decreases and financial losses 	Long term	Medium

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Risk type	Risk	Impact on business, strategy & financial planning	Time span	Risk level
Transition risk	Policy and legal risk	<ul style="list-style-type: none"> The country will limit the use of fossil fuels in its businesses. It is necessary to further adjust the production energy mix, develop renewable energy, and set more aggressive energy conservation and emission reduction goals to fulfil local government requirements It tightens carbon market quotas or imposes carbon tax that increases operating costs and strategic risks The tightening of various laws and regulations will increase the cost of data monitoring and disclosure of China Gas, and bring information disclosure related compliance risks The Group is required to effectively manage the environmental performance of its business and ensure the compliance of its business; otherwise, it may face litigation risks 	Medium to long term	High
	Market risk	<ul style="list-style-type: none"> The setting of Carbon Peaking and Carbon Neutrality Goals and the improvement of laws and regulations related to emission reduction have facilitated the use of renewable energy, and the market and customers are increasingly favouring green economy and electrical products. The electrification retrofit of industrial and commercial users has led to an annual decrease in gas sales volume 	Medium to long term	Medium
	Reputational risk	<ul style="list-style-type: none"> The potential damage to a company's reputation could have a knock-on effect on the customers' perception of the brand. As customers' interest in green products and services increases, maintaining the existing business model may hinder the retention of existing customers and the development of new customers Damage to corporate reputation may lead to higher loan interest rates, increasing financing costs 	Medium to long term	Medium

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

China Gas has formulated corresponding mitigation and adaptation measures for the material identified physical and transitional climate risks, and integrated these measures into the Company's strategic planning to strengthen risk resilience.

Risk type	Risk	Mitigation and adaptation measures
Physical risk (acute risk)	Fluvial flooding	<ul style="list-style-type: none"> • Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage • Install waterproof sealing layers on facilities within the watershed and establish contingency plans for equipment shutdown in response to flood warnings • Explore business interruption insurance to cover all potential and actual losses
	Coastal flooding	<ul style="list-style-type: none"> • Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage • Explore business interruption insurance to cover all potential and actual losses • Use waterproof pipeline materials in new projects and elevate the baseline level during site selection
	Extreme precipitation	<ul style="list-style-type: none"> • Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage • Explore business interruption insurance to cover all potential and actual losses • Implement drainage system upgrades in key cities and install waterproof casings for critical equipment
	Strong wind/cyclone	<ul style="list-style-type: none"> • Develop strong wind/cyclone response plans • Implement windproof reinforcement projects in typhoon-prone areas, carry out regular inspections and reinforce facilities to eliminate potential hazards • Explore business interruption insurance to cover all potential and actual losses
	Landslide and mudslide	<ul style="list-style-type: none"> • Closely monitor the condition of slopes and roads during the rainy season • Regularly inspect and reinforce infrastructure • Purchase additional geological disaster insurance for projects located in mountainous areas
	Drought	<ul style="list-style-type: none"> • Implement water-saving measures and improve water efficiency • Install complementary water storage systems • Carry out water-saving upgrades for equipment

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Risk type	Risk	Mitigation and adaptation measures
Physical risk (chronical risk)	Sea level rise	<ul style="list-style-type: none"> Evaluate the emergency management procedures Consider partial inland relocation of coastal stations Provide relevant training to enhance employees' awareness of responding to such disasters as floods
	Extreme heat	<ul style="list-style-type: none"> Strengthen employees' awareness of heat stress-related diseases by guiding them with policies and providing them with drills Implement staggered shift schedules and provide heat relief facilities for employees Use more heat-resistant materials in equipment Implement manual intervention to cool the equipment and facilities
	Extreme cold	<ul style="list-style-type: none"> Develop emergency response plans for winter operations Strengthen pipeline inspections Install insulation equipment including electric heat tracers, and water bath boilers, and purchase antifreeze and some other materials
	Global warming	<ul style="list-style-type: none"> Strengthen employees' awareness of heat stress-related diseases by guiding them with policies and providing them with drills Provide more cooling facilities for employees Use more heat-resistant materials in equipment Develop a climate scenario simulation system and establish a climate risk reserve fund
Transition risk	Policy and legal risk	<ul style="list-style-type: none"> Closely monitor market trends and government policy directions Pilot CCUS technology and establish a dedicated green transition fund
	Market risk	<ul style="list-style-type: none"> Implement energy conservation measures Prioritise the use of renewable energy while developing new projects Strategic planning of new energy projects such as hydrogen energy
	Reputational risk	<ul style="list-style-type: none"> Track customer satisfaction and the Group's reputation Regularly disclose corporate climate actions and achievements to stakeholders

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

The Case of Financial Impact Assessment of Wuhu Project

In recent years, Wuhu China Gas has been actively expanding its operation in distributed energy, gas power generation, centralised heating, and electricity sales. The Company has achieved significant milestones including the establishment of two natural gas city gates, construction of three high-pressure spherical tanks capable of storing 180,000 m³ of natural gas, one LNG storage tank capable of storing 2.8 million m³ of natural gas, and two emergency peak shaving gasification stations. It has built a LNG production line with a capacity of 120 tons per day. It has nine CNG stations, six LNG refuelling stations, and over 1,600 pressure regulating stations, tanks, and cabinets. It has laid down 3,080 kilometres of municipal high-, medium-, and low-pressure gas pipelines, as well as gas pipelines for courtyards, involving diverse and highly representative businesses.

Risk		Expected impact	Financial impact analysis
Extreme temperature	Extreme heat	<p>Significant impact:</p> <ul style="list-style-type: none"> Extension of project construction cycle Hazards to employees' health <p>General impact:</p> <ul style="list-style-type: none"> Impact on sales of natural gas Increase of LNG gasification Damage to equipment and facilities 	In FY2024/25, the expenses for heatstroke prevention and cooling measures, as well as relief supplies for employees of Wuhu Project Company amounted to approximately RMB372,800.
	Extreme cold	<p>Significant impacts:</p> <p>Damage to equipment and facilities</p> <p>General impacts:</p> <p>Impact on sales of CNG and LNG</p> <p>Impact on construction and maintenance</p>	<ol style="list-style-type: none"> In FY2024/25, The cost for replacement of electric heat tracers for pressure regulator heating, water bath boilers for BOG/EAG heating during LNG gasification, and antifreeze for CNG compressors is approximately RMB94,500. We have invested in strengthening facilities and equipment such as house and gas station roofs.
Flooding		<p>Significant impacts:</p> <p>Disruption of pipeline operation</p> <p>General impacts:</p> <p>Damage to stations and transportation facilities</p>	<ol style="list-style-type: none"> In response to heavy rainfall and flooding, we have implemented emergency measures such as increased pipeline inspections, emergency pumping, and 24/7 dam surveillance to prevent pipe surges, which lead to an increase in labour cost. Heavy rainfall caused soil erosion, requiring the reburial and soil reinforcement of pipelines, which lead to extra cost of construction and maintenance.
* Please refer to the table "Strategies – Climate-related Risks and Opportunities" for relevant response strategies			

4. GREEN MOUNTAINS AND CLEAR WATERS, ECOLOGICAL CO-PROSPERITY

Under the emissions reduction targets and pathway framework of the industry's carbon neutrality roadmap, China Gas is accelerating its decarbonisation efforts and has implemented a series of initiatives to steadily advance its green operations strategy and progressively reduce the Group's operational carbon intensity. Based on estimates, these measures are expected to generate a positive financial impact of approximately RMB1.004 billion annually, with benefits projected to materialise gradually over an eight-year horizon. At the current stage, the annual investment required to capture these opportunities is estimated at RMB64.5 million.

To deepen its understanding of how climate risks affect operational processes, we will conduct more detailed financial impact assessments in the future, extensively evaluating how climate risks and opportunities might significantly affect our future business practices and assets, including their potential financial implications.

4.7.3 Risk Management

The Group has established a dynamic risk management process that integrates climate change risks into its risk management framework and conducts dedicated due diligence on key issues such as GHG management and energy and resource efficiency. Climate-related risks are embedded throughout the entire lifecycle of project planning, from design and construction to operations. In investment due diligence exercises, climate risks are incorporated into due diligence reports, with sensitivity analyses conducted on variables such as carbon price fluctuations. In engineering practices, climate adaptation factors are integrated into project design to continuously enhance the sustainability and climate resilience of new developments. In the meantime, the Group proactively implements training and awareness-raising initiatives to deepen employee understanding of climate-related risks, foster a strong climate risk culture across the organisation, and strengthen individual engagement and accountability in risk management. Furthermore, a transparent monitoring and reporting mechanism has been established to regularly communicate the effectiveness of the Group's climate risk management efforts to stakeholders, thereby supporting the continuous improvement of our sustainable development governance.

4.7.4 Metrics and Targets

In response to the dual carbon goal, China Gas released the *China Gas Carbon Neutrality Action Report*. The report outlines clear emissions reduction targets across key areas, namely green energy, energy-saving innovation, low-carbon logistics, intelligent operations, methane emission control, net-zero pathway and green ecosystems. The Group has committed to reducing its carbon emissions intensity by 50% by 2030 compared with the 2021 level, achieving carbon peak by 2030, and achieving carbon neutrality in its own operation by 2050. (For more information, please refer to the *China Gas Carbon Neutrality Action Report* available on our website: www.chinagasholdings.com.hk.)

China Gas continues to conduct comprehensive carbon audit across the Group, systematically identifying sources of GHG emissions under Scope 1, Scope 2, and Scope 3. We constantly refine our carbon monitoring and reporting mechanisms in the pursuit of carbon peak and carbon neutrality goals. We regularly monitor and evaluate progress toward our GHG emissions reduction targets, adjusting action plans dynamically based on assessment outcomes to ensure these targets are met as planned. Moreover, we are exploring decarbonisation pathways tailored to the Group's operation, tapping into emission reduction potential across the entire value chain. By integrating technological innovation with management optimisation, China Gas is forming a dual-carbon strategy with distinct corporate characteristics. Looking ahead, China Gas will continue to play a leading role, advancing the dual carbon agenda with innovation-driven development and action-based commitment.

5

TALENT EMPOWERMENT: CO-CREATING VALUE



- 5.1 Employee Rights
- 5.2 Training and Development
- 5.3 Occupational Health and Safety
- 5.4 Employee Care



PERFORMANCE HIGHLIGHTS

- 
4,615 frontline employees obtained cross-functional certifications
- 
 Over **800** qualified employees have completed the backbone reserve echelon training programmes, supporting the talent supply for Group management positions
- 
 Furthered school-enterprise cooperation with strategic partnerships established at **6** colleges and universities
- 
 Finished the construction of systematic certification standards for **4 types** of service clusters (business lines) and **16 types** of work positions

SDGs Addressed in this Chapter

Material ESG Issues Addressed in this Chapter



-  Employee rights and well-being
-  Occupational health and safety
-  Training and development
-  Diversity, anti-discrimination and equal opportunity
-  Prevention of child labour and forced labour
-  Employee communication and satisfaction

China Gas embraces a people-centred management approach that deeply integrates employees’ value fulfillment with corporate development. While safeguarding employees’ legal rights, we continuously improve the comprehensive career development support system featuring professional training and multi-track progression pathways. Equally prioritising physical and mental well-being, we cultivate an inclusive organizational culture through optimising comfortable, convenient and efficient workplace environments, bidirectional communication platforms and a refined welfare system, creating a sense of belonging and value within the organisation.

5. TALENT EMPOWERMENT: CO-CREATING VALUE

5.1 EMPLOYEE RIGHTS

China Gas continuously optimises its talent strategy by proactively expanding pluralistic recruitment channels and refining talent reserves; establishing competitive remuneration, diversified development platforms, and systematic talent cultivation mechanisms to achieve synergistic advancement between employee growth and Group strategic development.

5.1.1 Fair Employment

China Gas strictly complies with all applicable Chinese labour laws and regulations, including the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on Promotion of Employment*, the *Provisions of the State Council on Working Hours of Employees*, the *Unemployment Insurance Regulation of the People's Republic of China* and the *Regulation on Work-Related Injury Insurances*, fully discharging the insurance obligations under the *Social Insurance Law of the People's Republic of China* covering illness, work injury, maternity, medical care, retirement, and death insurance. On top of these, the Group formulated and implemented its *Equal Rights and Interests Policy*, the *China Gas Human Resources Management Manual*, and the *China Gas Recruitment Management System* to ensure equitable and compliant recruitment, employment, termination, and administrative procedures, fostering an equal, diverse, and inclusive workplace.

In the recruitment phase, the Group strictly prohibits discrimination based on gender, race, age, religion, health status, marital status, or family circumstances and rigorously prohibits child labour, forced labour, or fraudulent identification practices. It is stated clearly in the *China Gas Compliance Code of Conduct* that employees shall not encounter discrimination or unfair treatment due to race, ethnicity, religious belief, gender, social status, physical health condition, or sexual orientation. Moreover, the Group's *Equal Rights and Interests Policy* commits to providing a workplace environment free from harassment and discrimination, whereby all new hires receive induction training covering equal rights provisions, anti-discrimination protocols, plus harassment and sexual harassment prohibitions as set forth within the *China Gas Compliance Code of Conduct*, the *Equal Rights and Interests Policy*, and the *China Gas Employee Reward and Punishment Regulations*.

Employees may report violations via written report, email, or verbal communication to the Audit and Supervision Department or the Legal and Compliance Department, either named or anonymously. Receiving departments maintain strict confidentiality with prompt responses, instituting tiered resolutions per the *China Gas Compliance Code of Conduct*, including but not limited to, workplace misconduct (physical assault, perjury, sexual harassment, etc.), violation of public order and morals, and illegal and criminal acts, which will be pursued and rectified in accordance with the rules and regulations. Throughout FY2024/25, the Group recorded zero incidents of staff discrimination or harassment, and incurred no penalties relating to labour rights, child labour, or forced labour infringements.

5. TALENT EMPOWERMENT: CO-CREATING VALUE

As of 31 March 2025, China Gas employed 74,233 staff, including 5,450 ethnic minority employees and 11 overseas personnel. For detailed employee statistics categorised by gender, age, region, rank, and employment type, refer to the Performance Data Table in the Appendix.



5. TALENT EMPOWERMENT: CO-CREATING VALUE

Employee Statistics by Ethnicity

Indicator	Unit	FY2024/25
Proportion of Han employees in all management positions	%	93
Proportion of ethnic minority employees in all management positions	%	7

The Group adheres to the principles of fairness, equity, and transparency, establishing multiple institutional policies including the *China Gas Human Resources Management Manual* and the *China Gas Recruitment Management System*. We have systematically developed a university talent acquisition framework via campus recruiting, social recruiting, corporate website portals, and WeChat Official Account platforms. Concurrently, the Group collaborates with related government departments, academic institutions, and research organisations to attract professionals, interns, and re-engage retired experts. In FY2024/25, we continue to optimise the human capital allocation efficiency, with an average recruitment cost of RMB33.3 per full-time employee equivalent hour.

Statistics of new hires and employee turnover of the Group in FY2024/25 are as follows.

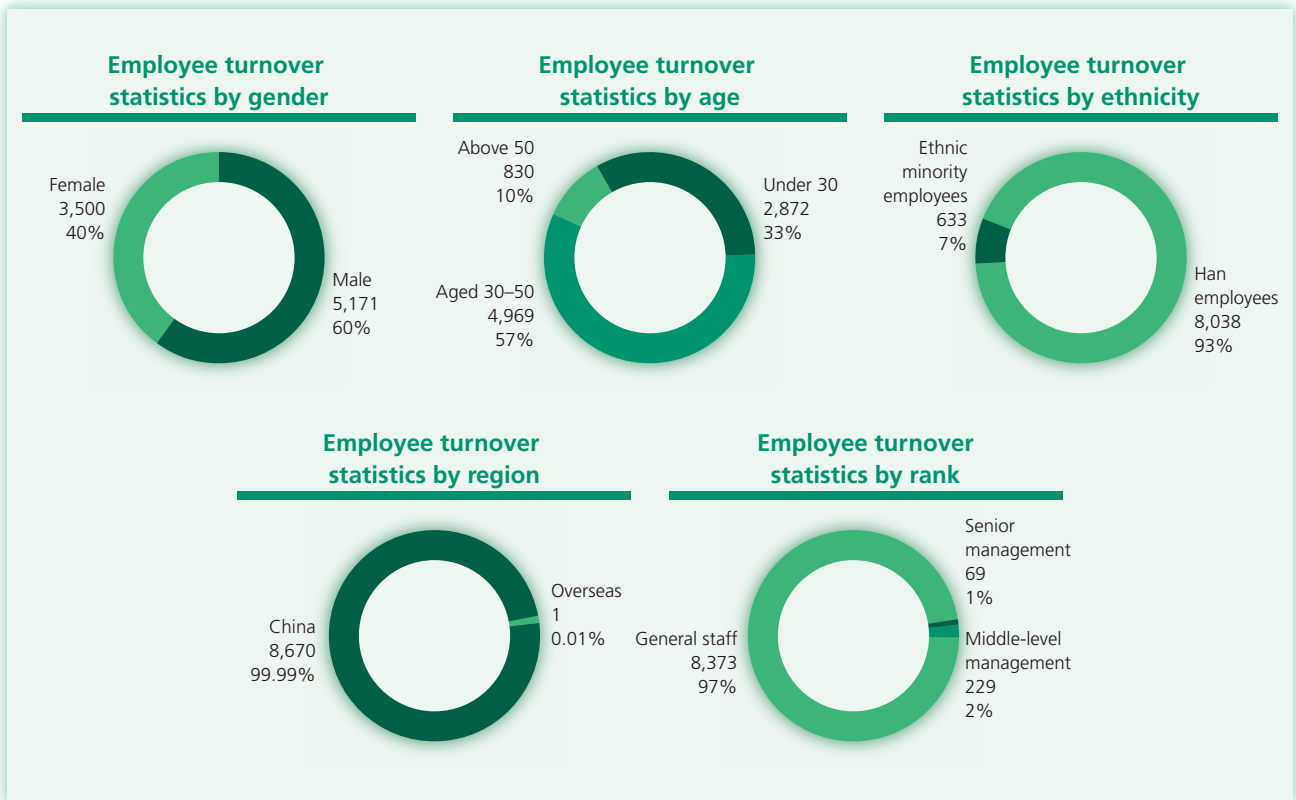
New Hires Statistics by Gender, Age, Ethnicity, Rank, and Internal or External Candidate



5. TALENT EMPOWERMENT: CO-CREATING VALUE

Employee Turnover Statistics by Gender, Age, Ethnicity, Region and Rank

Indicator	Unit	FY2024/25
Employee turnover rate	%	18
Employee voluntary turnover rate	%	15
Employee turnover	/	8,671



5. TALENT EMPOWERMENT: CO-CREATING VALUE

5.1.2 Employee Remuneration

Based on strict compliance with the *Labour Law of the People's Republic of China*, China Gas adheres to the principle of equal pay for equal work and has established an incentive-based remuneration system aligned with industry characteristics, the Group's strategy and the development of diversified businesses. *This system ensures* remuneration is directly tied to contributions, experience, and performance, offering market-competitive compensation. At the same time, the Group enforces gender pay equality and promotes equal career development opportunities.

The remuneration package offered by the Group covers statutory benefits, including paid leave, pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing fund. It also covers incentive remuneration, including a differentiated remuneration structure based on job value, individual performance, and competency assessment, regularly benchmarked against market standards.

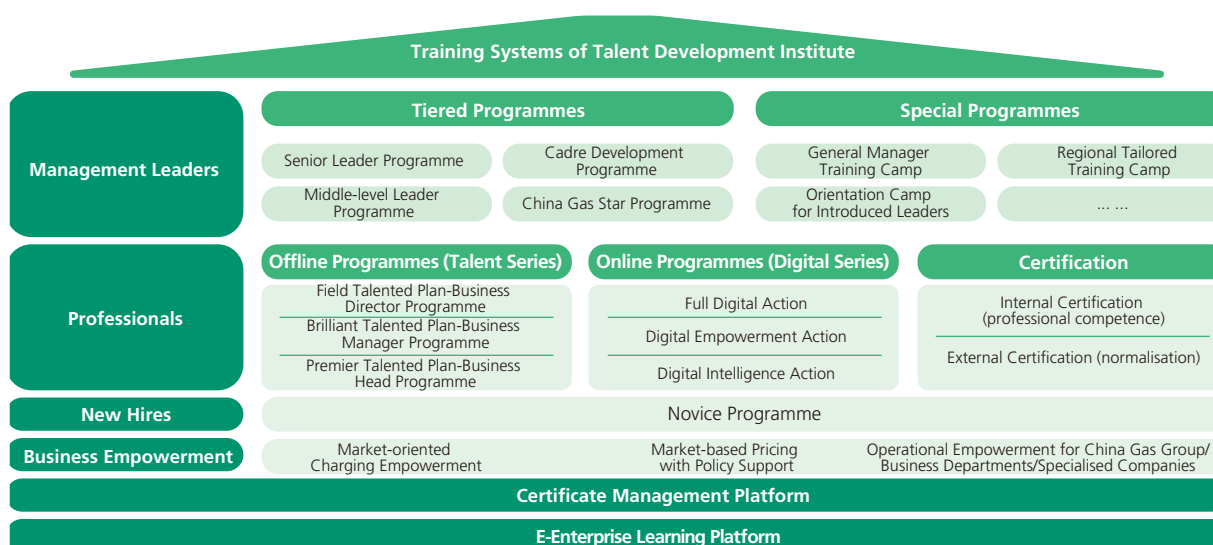
- **Regionally differentiated standards:** Locally calibrated pay bands ensuring fairness and competitiveness;
- **Performance rewards:** Discretionary bonuses, incentive payments, and equity grants for qualified employees tied to Group financial performance;
- **Mid-level staff reinforcement:** Enhanced salary scales and adjusted bonus thresholds to optimise the motivation for mid-level staff.

In FY2024/25, the Group prioritised remuneration compliance by refining total payroll control mechanisms and the remuneration system, advancing the practical incentive framework. Based on the *China Gas Compliance Code of Conduct* and other operational requirements, the Legal and Compliance Department has added new compliance assessment indicators for thirteen departments and eight regions of the Group, which include ESG-related indicators such as anti-monopoly, compliance with business ethics. The assessment method is to link the indicators to the annual fiscal year organisational performance assessment, and when the legal risks specified in the indicators occur, the departmental unit's performance score will be reduced, which will ultimately affect the percentage of the year-end bonus.

5.2 TRAINING AND DEVELOPMENT

We regard employee growth as the core driver of sustainable corporate development. Leveraging the specialised platform of the Group’s Talent Development Institute, we have established a systematic and multi-tiered training system comprehensively covering key areas including leadership development, professional skills enhancement, and new employee integration, delivering precision empowerment for all stages of career development.

5.2.1 Employee Training



Training System of China Gas Talent Development Institute

To ensure employees remain abreast of industry trends in competence and awareness, China Gas Talent Development Institute continuously enhances its training framework spanning four domains comprising six modules:

- Leadership Training: Tiered Programmes + customised Special Programmes;
- Employee Development: Offline “Talent Series” + online “Digital Series” initiatives, supplemented by internal certification, external qualification programmes and the Novice Programme for new hires;
- Business Empowerment: Market-oriented charging, market-based pricing with policy support, and tailored programmes for specific operational challenges across the Group, Business Departments and specialised companies;
- Platform Building: Certificate Management Platform + E-Enterprise Learning Platform.

Leveraging eight regional hands-on training bases covering leadership training, professional skills training, professional certification, vocational competitions, and mentor workshops, China Gas implements a full-cycle training of echelon talents and provide standardised system guarantee for employees’ career development.

This systematic talent training plan elevates key talent supply capabilities and operational efficiency while reducing external recruitment cost and shortening vacancy cycles, boosting retention through internal promotions, and enhancing organisational productivity, which generates measurable commercial returns for the Group.

5. TALENT EMPOWERMENT: CO-CREATING VALUE

Total Number of Trained Employees, Training Hours, and Expenditure

Total number of trained employees

 **74,233**

Total training hours

 **4,497,035 hours**

Total cost during the trainings

RMB 47,256,511

Number of Trained Employees and Training Hours by Gender

Number of male employees trained

 **46,185**

Number of female employees trained

 **28,048**

Percentage of male employees among total training participants

62%

Percentage of female employees among total training participants

38%

Total training hours for male employees

 **2,794,105 hours**

Total training hours for female employees

 **1,702,930 hours**

Average training hours for male employees

 **60.50 hours**

Average training hours for female employees

 **60.72 hours**

Number of Trained Employees and Training Hours by Rank

Number of trained senior management employees

1,935

Number of trained middle-level management employees

8,115

Number of trained general staff

64,183

Percentage of senior management employees among total training participants

3%

Percentage of middle-level management employees among total training participants

11%

Percentage of general staff among total training participants

86%

Total training hours for senior management employees

113,645 hours

Total training hours for middle-level management employees

493,302 hours

Total training hours for general staff

3,889,577 hours

Average training hours for senior management employees

58.73 hours

Average training hours for middle-level management employees

60.79 hours

Average training hours for general staff

60.60 hours

Number of Trained Employees and Training Hours by Age

Number of trained employees under 30

14,249

Number of trained employees aged 30–50

52,016

Number of trained employees over 50

7,968

Total training hours for employees under 30

869,360 hours

Total training hours for employees aged 30–50

3,155,563 hours

Total training hours for employees over 50

472,112 hours

Average training hours for employees under 30

61.01 hours

Average training hours for employees aged 30–50

60.67 hours

Average training hours for employees over 50

59.25 hours

Average Training Hours by Employment Type

Average hours of leadership training

58.73 hours

Average hours of employee professional skills development training

60.60 hours

Average hours of business empowerment training

60.79 hours

5.2.2 Career Development

China Gas establishes a comprehensive performance evaluation system covering managerial to general staff competency assessments and team performance reviews, operating on fiscal-year cycles:

- **The Onset of Assessment:** The assessor and the assessee engage in thorough communication to establish and confirm assessment plans, objectives, and standards;
- **Ongoing Assessment:** Based on the principle of agile dialogue, both parties maintain regular interaction and performance communication to understand task progress in a timely, objective, and accurate manner, ensuring successful achievement of each task;
- **Post-Assessment Conclusion:** The assessor provides formal feedback to the assessee covering results, strengths, improvement areas, and actionable recommendations.

Outstanding performers are promoted based on assessment outcomes, optimising workforce efficiency. This involves the Group and key individuals in regional operations and management centres, as well as those responsible for specific roles within the project companies, signing dual responsibility letters of operational and safety targets; the results of annual assessments directly influence their year-end performance bonuses. In FY2024/25, the Group upgraded the assessment mechanism, formulated differentiated strategic indicators covering all employees, and added ranking-based “Horse Racing” incentives.

5. TALENT EMPOWERMENT: CO-CREATING VALUE



Case: Composite Talent Development Programme

Addressing the broadened role trend among front-line staff, China Gas pioneered a Triple-Certification Competency System: on-the-job + composite + community-based. This Composite Professional Competency Certification (part-time certification) project is promoted by the Talent Development Institute with joint efforts from the Natural Gas Center of Excellence, Engineering Operation, Customer Service, and Safety and Supervision departments, which enables certified employees to flexibly undertake multiple responsibilities, significantly boosting productivity during peak seasons and emergencies.

The programme allows certified staff to pursue cross-training paths after the major position qualification. Through standardised curricula, scenario-based assessments, and dynamic evaluations, 4,615 front-line employees across engineering, operations, customer service and safety sectors achieved cross-skilling certification. In the future, the Group will continue to optimise the certification standards and expand the scale of composite talent cultivation across business lines, so as to provide solid talent support for our business transformation and upgrading.



Training Session

By standardising the certification process, dynamically updating the competency standards, and strengthening the application of the results, we continue to improve our talent assessment system and ensure that every employee has access to career development opportunities that match their ability in a fair and equitable environment.

5.3 OCCUPATIONAL HEALTH AND SAFETY

China Gas always prioritises employee physical and mental health, is dedicated to foster a healthy, harmonious, and vibrant work environment for employees. We organise diverse cultural and sports activities, including regular competitions in badminton, table tennis, basketball, and fitness programs such as dance, yoga, and group aerobics. These activities effectively enhance employees’ physical fitness and team cohesion. The Group headquarters has established fully equipped gyms and multi-purpose activity rooms with weekly schedules ensuring convenient employee access.

For mental wellness, we also implement systematic support: all new hires can participate in stress-relief courses including therapeutic floristry, and vocational certification exams; regular workshops on emotional management and Nonviolent Communication are conducted by certified institutions. Partnerships with local communities and universities facilitate joint psychological well-being initiatives. During extreme weather, the Employee Care Committee, China Gas Charity Foundation, and Trade Unions deliver onsite support to frontline staff, such as distributing heatstroke prevention kits, cold-weather protective gear, and refreshments, proactively improving working conditions.



Case: Employee Health Service Upgrading

China Gas enhanced its in-house health services at its office building during FY2024/25, transitioning pilot physician-stationing into a daily health management platform. This initiative targets improved medical access and organisational cohesion through all-day operations on every Monday, Wednesday, and Thursday, complementing public hospital schedules to enable minor illness treatment without leaving the building. Services cover common conditions such as colds and fevers, and integrates traditional Chinese medicine therapies, namely fire-needle acne treatments, fire-pot cupping for cervical-shoulder issues, moxibustion menstrual pain relief, etc. to improve employees’ health conditions in various ways.

The community health service also helps disseminate health knowledge through regular Chinese medicine health care lectures and employee health profile management. These initiatives not only elevate employees’ physical and mental health awareness, but also facilitate the communication, collaboration and cohesion among the Group. This service upgrade reduces employees’ medical time cost with a more professional and scenario-specific health support, which enhances employees’ sense of belonging and corporate humanistic care, providing a resilience foundation for high-performance organisation.



Corporate Health Service

5. TALENT EMPOWERMENT: CO-CREATING VALUE

5.4 EMPLOYEE CARE

China Gas proactively builds institutionalised communication channels and a three-dimensional welfare system, which establishes a full coverage of employee career development, physical and mental health, family support, and so on. The rights of employee expression are ensured by a bidirectional dialogue mechanism. The Group designs diversified welfare and benefits in response to employees' differentiated needs, improving a sense of belonging while boosting internal motivation for the Group's sustainable development.

5.4.1 Employee Communication

China Gas consistently prioritises the protection of employee rights and interests, strictly adheres to national laws and regulations, and fully respects employees' right to freely organise and join trade union. As of 31 March 2025, the total number of Group employees participating in trade union was 55,294.

To better understand and respond promptly to employee needs while fostering closer relationships with them, the Group has established multi-dimensional internal communication channels. A dedicated "Suggestions and Proposals" section has been set up on the office automation (OA) platform to encourage employees to share ideas on topics such as business operations and sustainability. Additionally, a dedicated forum allows professional department heads to provide real-time answers to employees' work- and life-related queries. The Group regularly organises and promotes employee cultural activities across different regions to ensure timely communication of corporate developments. Departments also hold regular democratic life meetings, using formats such as business discussions, team-building activities, and self-reflection sessions to deepen employees' understanding of the Group's strategy and enhance cross-departmental collaboration efficiency. In terms of rights protection, the Audit and Supervision Department conducts independent investigations into every complaint and report, ensuring a transparent process with timely feedback provided to both the complainant and management. Furthermore, instant communication tools such as the President's Mailbox and WeChat groups have been established to facilitate two-way dialogue between management and frontline employees.

5.4.2 Employee Benefits

China Gas has established a comprehensive welfare system that is both market-competitive and humane. We produce normative documents including the *China Gas Employee Care and Welfare Manual* and the *China Gas Employee Care and Welfare Management System*, to systematically promote scientific practicability of welfare management. Implementation of national and corporate welfare programmes is dependent on local conditions and includes but is not limited to the following major categories:

➤ **Welfare and Subsidies**

We provide our employees with various types of welfare subsidies, including seniority allowance, holiday bonuses, marriage and childbirth subsidies, supplementary commercial insurance premiums, medical coverage, and meal allowances. The Group is committed to providing more opportunities for our employees to enjoy these benefits and creating an encouraging work environment.

5. TALENT EMPOWERMENT: CO-CREATING VALUE

➤ Family-friendly Employment

We recognise that employees have family responsibilities outside offices. To create a family-friendly work environment, we have implemented policies for employee localisation and leader localisation. These policies help maintain team stability and facilitate resource complementation among teams. Paid caregiver leave is provided for employees with family care responsibilities. All these measures allow employees to work more comfortably while balancing their family obligations. The Group's Employee Care Committee also regularly organises activities such as Parent-Child Summer Camps and Employee Family Fun Days to enhance communication between employees and their families, promoting mutual development between the Group and its employees.

➤ Care for Special Employees

We consider every employee an essential part of our organisation. The Group is committed to supporting employees and their families, while encouraging staff to care for and support those in need. To address the actual needs of employees, we have implemented several provisions and programmes, including the *Interim Provisions on Employee's Wedding, Burial, Work-related Injuries, and Visits to Major Diseases*, the *Headquarters Staff Care Programme* and the *Staff Care Committee Assistance Application Guide*. We provide assistance for employees facing illness or coming from low-income families according to the *Staff Care Committee Assistance Application Guide*, demonstrating our commitment to supporting them and overcoming challenges in life together.

➤ Care for Female Employees

China Gas is committed to establishing a favorable working environment and conditions for female employees, strictly complying with the *Protection of Women's Rights and Interests* and the *Labour Protection of Female Employees*, among other relevant legal regulations. Annually, we provide festival allowance subsidies for female employees on Women's Day. We adhere to maternity, prenatal, and lactation leave policies, granting those pregnant for over seven months or lactating the option to start work one hour later or leave one hour earlier during routine workdays. Positions remain secured for those on maternity or paternity leave, ensuring that their job arrangements, career progression, remuneration, and benefits remain unaffected while fully supporting their return to the workplace.

Time of Paid Leave for Employees Needing to Participate in Family Care for FY2024/25

Time of employee maternity and nursing leave for FY2024/25	283,901 hours
Time of employee paternity leave for FY2024/25	42,492 hours

5. TALENT EMPOWERMENT: CO-CREATING VALUE

➤ Talent Housing Allocation and Employee Residence

China Gas addresses employee accommodation needs by implementing the *Group Headquarters Talent Housing Allocation and Management Regulations* and the *Headquarters Administrative Service Center Dormitory Management Policy*, providing qualified full-time Shenzhen-based employees with residential support. Through standardised administrative procedures and dynamic management mechanisms, we ensure efficient allocation of talent housing and residential resources, substantially reducing living costs and securing foundational support for sustained talent development.



Talent Housing Allocation

➤ Dignified Retirement Care

China Gas establishes a systematic dignified retirement care mechanism that extends profound respect to retiring personnel through formal retirement ceremonies and diversified commemorative activities. These tenured employees, having personally witnessed and contributed to the Group's growth trajectory, infused enduring momentum into China Gas' expansion through decades of unwavering professional dedication. By hosting seminars, retirement galas, and ceremonial events, we embed individual legacies into the corporate chronicle, conveying sincere gratitude for their contributions while setting value benchmarks for active staff, thereby motivating the China Gas legacy ethos.



Dignified Retirement Ceremony

5. TALENT EMPOWERMENT: CO-CREATING VALUE



Case: China Gas Fun Sports Day: Enjoy Vitality with Teams

On 30 November 2024, China Gas Administrative Shared Service Center and Trade Union successfully conducted the “Vitality China Gas, Boundless Fun” themed Fun Sports Day at Shenzhen Longgang Dayu Sports Resort, attracting 26 teams from the Headquarter Department, Corporate Group, Business Department, specialised companies, and the South China Regional Management Centre to participate in the event. They competed in nine events – rope skipping, tug of war, relay races, obstacle courses, and others – fostering cross-departmental collaboration through team challenges. This event featured a collective leadership-employee birthday celebration segment, integrating camaraderie into the competitive atmosphere to strengthen emotional bonds.



China Gas 2024 Fun Sports Day

As an annual cultural hallmark, this event perpetuated the “Vitality China Gas” ethos through collaborative and entertaining activities, enabling stress relief beyond work demands. Continuous laughter and deepened team trust during competitions amplified collective cohesion. China Gas will continue to hold innovative cultural activities to further reinforce organisational unity through diversified platforms, adding humanistic vitality into the Group’s strategic development.



Case: Family Thanksgiving Day: Striving Forward, Grateful for You

On 16 November 2024, China Gas Headquarters collaborated with Dongmen Community Party-Mass Service Centre in Luohu District, Shenzhen, to successfully host the “Striving Forward, Grateful for You” Family Thanksgiving Day. The event featured tours of Shenzhen Dongmen Red Revolutionary History Museum, lively gratitude knowledge competitions, and mutual understanding challenges that built emotional bridges between the enterprise and employees’ families. The culmination was a handwritten gratitude letter session where employees and family members penned heartfelt messages expressing profound appreciation for each other’s dedication, creating an emotionally resonant climax that embodied mutual understanding and value recognition. Moving forward, China Gas will continue pioneering new pathways for family-enterprise integration, embedding humanistic care into the fabric of organisational development.



Family Thanksgiving Day Event

6

COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE






- 6.1 Supply Chain Management
- 6.2 Industry Exchange and Cooperation
- 6.3 Public Welfare










PERFORMANCE HIGHLIGHTS

- 
 Provided **26** training sessions for procurement specialists, with a total of **3,476** participants
- 
 Achieved the Gold Standard of **OGMP** 2.0 for the second time, ranking among the world’s leading group in methane emissions management alongside more than 60 renowned global oil and gas companies
- 
 Connected over **4.5 million** households to gas in the North China region, and nearly **8 million** households nationwide by implementing coal-to-gas projects, providing more than **10 billion** cubic metres of natural gas for winter heating to rural residents in the northern regions

SDGs Involved in this Chapter

Material ESG Issues Addressed in this Chapter



-  Supply chain management
-  Community relation management
-  Respect the rights of local people
-  Support for local development
-  Market positioning

China Gas consistently embraces the mission of “Converging in Harmony and Benefiting Communities,” upholding corporate social responsibility. We fully leverage our industry leadership to build a responsible and sustainable supply chain, actively promote industry exchanges and cooperation, and persistently fulfil our corporate social responsibilities. Through innovation in gas supply technology, models, and business strategies, we deeply engage in national strategies, serving major national needs such as Rural Revitalisation and rural coal-to-gas projects. We continuously invest in community development and public welfare initiatives, fostering harmonious relationships with local residents and communities, and working hand in hand with all sectors of society to achieve sustainable development.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.1 SUPPLY CHAIN MANAGEMENT

China Gas firmly believes that the delivery of quality and efficient services and products hinges critically on close collaboration with suppliers. The Group is dedicated to establishing long-term and stable partnerships with excellent suppliers, aiming to jointly improve management and comprehensive strengths, and achieve high-quality and sustainable development. We strive to create a fair and orderly supplier management system that promotes win-win cooperation, thereby establishing a responsible and sustainable supply chain.

6.1.1 Supplier Management System

China Gas strictly adheres to laws and regulations such as the *Law of the People's Republic of China on Bid Invitation and Bidding* and the *Law of the People's Republic of China Against Unfair Competition*. We have established a comprehensive supplier lifecycle management system, clarifying the responsibilities and authorities of each business unit, and standardising access reviews, performance evaluations, and exit criteria. In FY2024/25, the Supplier Relationship Management (SRM) platform was fully launched, achieving digital management of supplier registration, evaluation, and rating. We also completed the revision of supporting documents such as the *Supplier Management System of China Gas*, enhancing risk control and compliance.

Supplier Access

During the supplier sourcing phase, we prioritise leading suppliers based on industry characteristics, focusing on their compliance, professionalism, and service quality. Suppliers with excellent sustainability performance are given priority for inclusion in our core supplier database:

- **Environmental and Social Aspects:** We prioritise partnerships with leading suppliers that share our sustainable development philosophy to ensure the traceability and sustainability of the products and services they provide. Suppliers with ESG-related qualifications and third-party certifications (such as ISO 14001 and ISO 45001) are prioritised. For new suppliers seeking access to supply important materials, obtaining certifications for both environmental management and occupational health and safety management systems is a prerequisite for access.
- **Governance:** All suppliers are required to sign the *Integrity Commitment and the Sunshine Audit Agreement*, and to abide by the *Supplier Code of Conduct* as a prerequisite for cooperation.
- **Business Relevance:** Suppliers are categorised into goods, services, and engineering solution categories. We develop selection criteria and procedures specific to the business relevance of each category and define the documentation required for certification for each category of supplier.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

In FY2024/25, the Group compiled the *Cybersecurity and Information Security Responsibility Commitment for Partner Enterprises of China Gas*, requiring all suppliers to confirm their commitment to information security and data confidentiality during the China Gas Bidding and Procurement Platform access process before registration. As of 31 March 2025, 250 suppliers have completed certification through the China Gas Bidding and Procurement Platform.

Supplier Statistics

Total number of suppliers certified by the China Gas Bidding and Procurement Platform

250

Number of suppliers participating in the annual audit

250

Number of Suppliers by Geographical Region

East China

96

Northeast China

15

North China

53

Northwest China

10

Central China

13

Southwest China

28

South China

16

Central Plains

19

The Number and Proportion of Suppliers with Certifications

The number of suppliers with ISO 14000 series certification

236

The proportion of suppliers with ISO 14000 series certification

94.40%

The number of suppliers with ISO 45001 certification

234

The proportion of suppliers with ISO 45001 certification

93.60%

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Supplier Evaluation

The Group, based on the *Supplier Management System of China Gas* and the *Detailed Implementation Rules for Supplier Assessment and Evaluation of China Gas*, has established a supplier assessment, evaluation, and tiered management mechanism. The tiered management operates on the principle of “Quantitative Evaluation and Dynamic Management”. Supplier tiers are determined based on assessment results, quality inspections, annual on-site and documentation audits, and feedback from business departments, with dynamic adjustments made as necessary.

We conduct annual audits of suppliers according to the *Supplier Management System of China Gas*, focusing on centralised procurement suppliers. Currently, all supplier desk assessments are conducted through the SRM platform, adopting the recognised evaluation standards of industry-leading companies. In FY2024/25, 250 suppliers participated in the centralised annual audit, including 116 significant suppliers, covering materials, services, engineering, and engineering services. Based on the audit results, the Group revoked the centralised procurement qualification of 1 supplier and required 3 suppliers to develop corrective action plans and strengthen supervision. The outcomes of these corrective actions will influence future collaboration decisions.

The Group conducts unannounced inspections annually to fairly assess supplier performance. We randomly select a certain number of qualified centralised procurement suppliers for on-site inspections to evaluate their management proficiency, technical capabilities, and business continuity. In FY2024/25, the Group conducted unannounced inspections on 12 suppliers, covering 13 centralised procurement categories, representing 40% of the centralised procurement suppliers and 21% of the total procurement value. No significant issues were identified.

Additionally, we have optimised and improved our procurement technical standards to serve as the basis for procurement products and quality inspections. We have introduced a product certification system and increased the frequency of quality inspections. For materials and equipment with high standardisation and minimal impact on production and operations, we send them to third-party institutions for testing. For non-standard products and equipment with significant operational impact, we organise comprehensive on-site evaluations of bidding samples involving multiple departments within the Group and invite third-party institutions to validate our assessments. These evaluations focus on product reliability, stability, and safety, and we require suppliers to make necessary adjustments and improvements based on the test results to enhance product quality and performance.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Supplier Assessment Indicator and Performance		
Supplier compliance rate	On-time delivery rate	Outgoing quality control rate
100%	97%	100%
Excellent supplier ratio	Total number of suppliers assessed	Percentage of significant suppliers among all suppliers assessed
90%	83	13.25%
The number of suppliers assessed with substantial actual or potential negative impacts	The number of suppliers requiring corrective actions following the assessment	The number suppliers in capacity building programmes
3	3	29

Supplier Risk Management

China Gas effectively identifies and monitors risks across all stages of the supply chain, including sourcing, production, and transportation. We utilise procedures such as supplier access, inspection, assessment, and evaluation to proactively identify, determine, and assess supplier risks, including environmental management, occupational health and safety, business ethics, and information security, among other environmental, social, and governance (ESG) risks. We take a comprehensive approach, considering risks from the supplier's country or region, sector, and the specific goods or services they provide. We also regularly monitor changes in various risk factors to dynamically adjust and update our supplier screening and review criteria.

- For key and important materials, we conduct routine on-site supervision and manufacturing oversight across the Group for high-risk materials.
- For common materials, the Group implements measures such as unannounced inspections and the establishment of capability baselines for high-risk category suppliers to conduct on-site supervision and audits of critical quality control points. This approach effectively mitigates significant risks related to product configuration and performance.

Additionally, the Group leverages a digital supplier management system to enhance supplier risk management. In FY2024/25, we officially migrated all supplier financial, quality, and audit data to the SRM platform for unified management. The system automatically issues warning notifications if any abnormal risks are detected and sends rectification notices to suppliers with issues. The Group's Tendering and Procurement Management Department also conducts regular risk scans of all suppliers on the platform, issuing warnings for expired qualifications and suspending cooperation with suppliers who fail to renew necessary certifications in a timely manner. This ensures the validity of supplier qualifications and mitigates potential risks.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Supplier Punishment and Exit Mechanism

To standardise supplier performance and compliance, China Gas has established the *China Gas Supplier Reward and Punishment Management Measures*, which defines penalties for supplier misconduct. All business departments are required to document and provide feedback on any misconduct by suppliers during business transactions, clarifying responsibilities. We evaluate suppliers based on their procurement performance, annual assessment results, quality inspection and acceptance, annual reviews, and feedback from collaborations. For supplier violations, we apply four tiers of disciplinary actions: “Warning”, “Suspending”, “Phasing Out”, and “Blacklisting”. These actions ensure that suppliers comply with the ESG requirements outlined in the *Supplier Code of Conduct*, including business ethics, environmental protection, and health and safety. Suppliers in the “Phasing Out” status are excluded from China Gas’s qualified supplier pool for two years across all related procurement organisations and categories. Those placed on the “Blacklist” face a three-year ban from our qualified supplier pool. The Group also issues rectification notices to suppliers identified with issues during annual on-site reviews and unannounced inspections through the SRM platform, detailing necessary corrective and preventive measures. Suppliers that implement these measures within the specified timeframe and pass re-evaluation will be restored to “Qualified” status. If they remain unqualified or fail to meet our management criteria during follow-up inspections, they will be phased out. During the Reporting Period, the Tendering and Procurement Management Department, based on quarterly supplier performance evaluations, organised meetings with 30 underperforming suppliers, requiring them to submit rectification reports and track the implementation of corrective actions. For major issues, timely meetings with suppliers were organised to develop solutions and assist suppliers in achieving the desired improvements. In FY2024/25, China Gas phased out one supplier.

6.1.2 Sustainable Supply Chain

China Gas integrates ESG principles deeply into supplier management, aiming to build a green supply chain and promote sustainable development across the value chain through responsible procurement practices.

Supplier ESG Management

To further promote sustainable development across the value chain, China Gas rigorously manages and supervises suppliers’ ESG performance. The President and the core management team make the highest-level decisions and implement oversight for suppliers’ ESG management and capability enhancement. The Tendering and Procurement Management Department and other functional departments are responsible for executing these initiatives, which include compiling and revising supplier management systems, supervising and managing suppliers’ and contractors’ ESG performance, and establishing clear guidelines for China Gas suppliers in four key areas: employee relations, health and safety, environmental protection, and business ethics.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

ESG-related Requirements for Suppliers of China Gas

- 1 Employee relations**
 - Ensure that all employees are employed of their own free will and prohibit any discrimination based on gender, race, age, health, or other related factors;
 - Avoid child and forced labour, with no restrictions on personal liberty;
 - Comply with all applicable laws and regulations regarding minimum wages, working hours, and rest periods, and strive to avoid excessive overtime or overwork;
 - Respect employees' freedom of association and their right to engage in collective bargaining.
- 2 Health and safety**
 - Provide a safe and healthy workplace;
 - Obtain, maintain, and renew all necessary health and safety permits, and abide by related regulations that are applicable.
- 3 Environmental protection**
 - Obtain, maintain, and renew all necessary environmental permits, approval documents and registration certificates;
 - Comply with all applicable laws and regulations relating to pollutants; reduce or eliminate the generation and emission of pollutants from the source;
 - Adopt preservation and replacement measures to reduce the consumption of energy, water, and natural resources, thereby decreasing GHG emissions;
 - Actively initiate and invest in public welfare projects such as biodiversity protection, afforestation, and the protection of rare species, follow the requirement of no deforestation, and reduce the time during which soils are left as bare lands.
- 4 Business ethics**
(Chapter I with More Details)
 - Require all our suppliers to formulate anti-corruption policies, and take relevant measures to prohibit them from corruption or dishonesty;
 - Prohibit unfair competition, promote fair trade and competition for a healthy collaborative relationship.

China Gas also regularly conducts training and communication sessions on procurement management requirements and ESG capability enhancement for suppliers. We hold regular performance communication meetings and use these sessions, as well as supplier conferences, to emphasise and promote ESG-related requirements, covering all significant suppliers. The aim is to help them improve their ESG management. In FY2024/25, we conducted performance communication meetings with 20 suppliers. During the Reporting Period, to ensure that suppliers fully understand and comply with technical standards, quality management, and sustainable management requirements during the contract fulfilment process, we held communication meetings with suppliers for centralised procurement projects, reinforcing the management requirements for the supplier fulfilment process to achieve long-term robust cooperation.



Supplier Communication Meeting

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Responsible Procurement

The Group continuously strengthens the capabilities of our internal procurement team, empowering frontline procurement personnel to enhance their awareness of sustainable procurement and promote sustainable procurement practices. We regularly conduct training sessions and exchanges on topics such as tendering and procurement business, monthly procurement forecasting, and centralised procurement platform for headquarters procurement specialists and frontline procurement staff. This deepens their understanding of the Group's sustainable supply chain management system and supplier ESG requirements, and enhances their ability to identify and manage ESG risks in key areas such as supplier access and evaluation. In FY2024/25, we organised 26 training sessions, with a total of 3,476 participants.

To minimise the environmental impact of procurement, we have established a principle of prioritising local sourcing. By maintaining long-term relationships with suppliers, selecting suppliers on a regional basis, prioritising those with local manufacturing facilities in similar cases, and optimising delivery routes, we reduce pollution emissions in the production process and the carbon footprint of transportation. Additionally, we have established a centralised procurement model. In FY2024/25, we conducted centralised tenders for high-pollution materials such as seamless steel pipes, selecting long-term cooperative secondary suppliers of anti-corrosion materials after evaluation and certification, thereby reducing resource waste from decentralised procurement.

Empowering Industry Development

China Gas places particular emphasis on driving the green transformation of the value chain and has established green procurement standards to actively promote carbon reduction among upstream partners:

- Require suppliers to provide data on product carbon emissions, promote the establishment of carbon emission management systems by suppliers, and facilitate the implementation of carbon reduction actions.
- Require or advocate suppliers to set carbon neutrality-related targets, and include carbon neutrality goals, carbon reduction and emission control targets, and energy use efficiency as scoring items in bidding documents to guide suppliers to actively achieve carbon neutrality targets.
- Require or advocate suppliers to participate in internationally recognised CDP questionnaires, ESG ratings, and TCFD report disclosures to guide them to improve their carbon management.
- Jointly conduct low-carbon themed activities or relevant training with suppliers to raise their awareness and competency in carbon reduction.

As a standing council member of the Enterprise Anti-Fraud Alliance, the Group enhances its own anti-fraud governance and integrity culture while collaborating with industry partners to build an ethical business ecosystem. We jointly conduct industry integrity training, case studies, and the promotion of compliance standards with the Enterprise Anti-Fraud Alliance, helping upstream and downstream enterprises in the supply chain reduce compliance costs and assist small and medium-sized enterprises (SMEs) in improving their internal control. This aligns with Shenzhen's policy of "Promoting ESG Transformation for SMEs," contributing to the creation of a fair competitive market environment and achieving a clean resonance across the entire industry.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.2 INDUSTRY EXCHANGE AND COOPERATION

The Group recognises the critical role that industry exchange, business cooperation, and Industry-University-Research (IUR) cooperation play in fostering ongoing innovation and progress within the gas sector. We have joined the United Nations Global Compact (UNGC) and collaborate with partners to advance the broader United Nations Sustainable Development Goals (SDGs). We actively participate in various industry exchange activities, deepen our partnerships with industry associations and research institutions, and propose smart energy solutions to promote the safe operation and smart construction of gas utilities, lead methane reduction practices, and explore green and low-carbon development pathways for the gas industry, thereby enhancing new quality productivity. Additionally, we prioritise IUR cooperation, working alongside universities on research initiatives and talent development programmes that robustly underpin the gas industry's relentless innovation and growth.

6.2.1 Industry Exchange

China Gas, as a council member of the China Gas Association, has been actively expanding its ecosystem of scientific and technological research within the industry. We have continuously strengthened communication and exchanges with relevant industry organisations, explored new technologies, and proactively promoted the forward development of the gas industry.



Case: The Group Participates in the China Gas Development Forum and Delivers a Keynote Speech on Innovation Practices

In October 2024, China Gas participated in the 2024 China Gas Development Forum, themed “Accelerating the Enhancement of New Quality Productivity and Promoting the New Future of the Industry”. Ms. YU Jingchun, Chair of the Science and Technology Committee of China Gas, was invited to deliver a keynote speech titled “Innovation Practices of China Gas Group” at a sub-forum. She detailed how, in the face of the complex and changing international energy landscape, China Gas Group practices the concept of safe, innovative, and high-quality development, driving the construction of digital and intelligent systems and lean operations. This has significantly enhanced the intelligent safety levels of stations, pipelines, and user-end equipment, contributing to the high-quality development of the industry. Ms. YU also called on the entire industry to unite closely, actively address new challenges such as global energy restructuring, technological iteration, and diversified user needs, and explore new pathways for industry development together.



Ms. YU Jingchun, Chair of the Science and Technology Committee of China Gas, delivers a keynote speech

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE



Case: The Group Participates in the China Gas Operation and Safety Seminar and Showcases Social Responsibility and Digital Transformation Achievements

In September 2024, China Gas was invited to participate in the 12th Council Meeting of the Gas Branch of the China Civil Engineering Society and the China Gas Operation and Safety Seminar. Mr. QIAN Wenbin, Assistant General Manager of the Engineering Operation Department and Chief Engineer of the Design Institute, delivered a speech titled “Methane Control to Enhance Corporate Social Responsibility and China Gas’s Digital Transformation”. Mr. QIAN analysed the background and significance of methane control, explained how China Gas cultivates technical talent for methane control to achieve high-quality operations and fulfil social responsibilities, and discussed the company’s digital transformation. He introduced China Gas Group’s active role in promoting digital and intelligent operations in the gas industry through AI-assisted design and digital delivery, ERP engineering management systems, construction visualisation, and operational management systems. These digital tools support the Group’s transition from informatisation to digitalisation, ultimately achieving high-quality and sustainable management goals.



Mr. QIAN Wenbin, Assistant General Manager of the Engineering Operation Department and Chief Engineer of the Design Institute of China Gas, delivers a special presentation

China Gas joined the Oil and Gas Methane Partnership (OGMP) in 2021, becoming the first and, to date, the only Chinese company to join the organisation. In 2024, the Group achieved the OGMP 2.0 Gold Standard for the second time. Domestically, China Gas has also joined the China Oil and Gas Enterprise Methane Control Alliance, leveraging the world’s leading expertise to align with international environmental protection standards and continuously advance low-carbon and environmental protection efforts in the gas industry, contributing to the transformation and upgrading of China Gas’s industrial structure.



Case: China Gas Attends the Fourth China Methane Forum and Commits to OGMP Methane Reduction

In June 2024, China Gas participated in the Fourth China Methane Forum. Mr. QIAN Wenbin, Assistant General Manager of the Engineering Operation Department and Chief Engineer of the Design Institute, was invited to attend the event and participate in a roundtable discussion on methane reduction practices in the oil and gas industry. During the discussion, Mr. QIAN mentioned that China Gas, through the technical support and cooperation of OGMP and the China Oil and Gas Enterprise Methane Control Alliance, is driving the improvement of calculation methods and the establishment of calculation standards. China Gas has set up a dedicated methane management working group within its sustainable development system and actively participates in methane emission calculations. It is expected that by 2025, the methane emission intensity of China Gas Group’s operational assets will be controlled within 0.15%.



Mr. QIAN Wenbin, Assistant General Manager of the Engineering Operation Department and Chief Engineer of the Design Institute of China Gas, participates in a roundtable discussion

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.2.2 Business Cooperation

China Gas is committed to advancing green technology R&D through active collaboration with leading enterprises across various industries. Focusing on key areas of green and low-carbon development such as mobile energy storage, waste heat recovery, biomass energy, and photovoltaics, the Company coordinates research efforts to increase the supply of green technologies, providing robust assurances and substantial support for the transition to a low-carbon economy.



Collaboration with Sunwoda on Mobile Energy Storage Project in Shengli Oilfield

China Gas is collaborating with Sunwoda on a mobile energy storage project at the Shengli Oilfield under the Sinopec Shengli Petroleum Administration Bureau. Leveraging the strengths of both parties, the project aims to achieve complementarity in the fields of integrated energy applications, energy storage, and clean energy utilisation for industrial and commercial use. During the Reporting Period, the project completed the initial on-site power supply tests for drilling scenarios. Subsequently, the project will proceed in stages, starting with small-scale and routine operations and progressing to fracturing operations, in collaboration with the oilfield's underground operation centre. The initial focus will be on urban well maintenance and small-scale fracturing operations, with plans to advance the mobile energy storage power distribution business and sign a cooperation framework agreement.



Cooperating with industrial partners to promote the development and application of high-temperature heat pump scenarios

China Gas is actively engaged in R&D of industrial high-temperature heat pumps and their applications in industrial scenarios. The Company has carried out energy consumption surveys in several industrial parks, including Qingdao Huangdao District, Ji'nan Zhangqiu Diaozhen Chemical Industrial Park, and Tianjin Tiangang Steel, to investigate the application scenarios of heat pumps in industrial parks and the integration of other comprehensive energy scenarios. In the realm of scenario development, we have completed multiple exhaust heat recovery and heating technology projects, such as the exhaust heat recovery from Methanol to Olefins (MTO) at Zhongyuan Oilfield, the power generation transformation from exhaust heat at Shandong Guoming Ductile Iron Pipes, and the exhaust heat recovery from high-temperature heat pumps for steam supply at Jiuling Lithium. Concurrently, we have made advancements in high-temperature heat pump R&D, with the assembly of experimental prototype units completed.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.2.3 Industry-University-Research (IUR) Cooperation

The Group values cooperation with universities, driving R&D and application of new technologies through joint research initiatives and talent development programmes. The IUR cooperation strengthens our R&D capabilities while ensuring the nurturing of top-tier technical professionals. Our partners for technological exchange and cooperation in FY2024/25 are as follows:

No.	Type of partners	Partners	Technological exchange and cooperation direction
1	Industry associations	China Association for the Promotion of Industrial Development (CAPID) Biomass Energy Industry Promotion Association (BEIPA)	Engaged in technological exchange in biomass energy as a member.
2		China Biogas Society (CBS)	Engaged in technological exchange in biomass energy as a member.
3		Chinese Society for Environmental Sciences	Organic solid waste disposal and resource utilisation conference.
4		China Gas Association	Participated in the 2024 China Gas Development Forum, discussing the transformation and sustainable development of the gas industry as a council member.
5		China Energy Research Society	Engaged as a council member.
6		China Hydrogen Alliance	Participated in the 2025 International Hydrogen Energy Conference and China International Hydrogen and Fuel Cell Conference as a council member.
7	Universities	Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences (CAS)	Organised the Heating Groups and the Electricity and New Energy Business Department to review research outcomes from the Guangzhou Institute of Energy Conversion, CAS. Engaged in in-depth exchanges and discussions covering a range of subjects, including efficient heat extraction technology from medium-deep geothermal wells, biomass gasification combined heat and power systems, dynamic ice thermal storage technology, as well as R&D equipment for utilising energy from biogas residue post anaerobic digestion of kitchen waste.
8		Shanghai Jiao Tong University	Delved into the intricacies of food processing technology, focusing on the temperature-humidity regulation and drying techniques characterised by energy efficiency, low-carbon footprint, and smart technology, which served as the preliminary groundwork for applying for national innovation projects.
9		Technical Institute of Physics and Chemistry, CAS	Conducted research on CO ₂ heat pumps, energy towers, and other technologies.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.3 PUBLIC WELFARE

China Gas diligently fulfils its responsibilities and commitments as a corporate citizen, leveraging its strengths to give back to society. We actively innovate in gas supply technology, models, and business strategies, and are committed to the development of green urban transportation, rural coal-to-gas projects, and rural revitalisation. We are dedicated to improving communities and contributing to the healthy development of society. In the process of project investment and development, the Group takes into account the interests of community development and local people in project development, striving to achieve harmonious coexistence with local communities. During the Reporting Period, the total amount of funds (including the valuation of in-kind donations) allocated to public welfare projects was approximately HK\$884,000.

6.3.1 Responding to National Strategies

China Gas actively responds to the national “Dual Carbon” strategy and rural revitalisation policies, serving the development of both urban and rural areas. We have been developing charging infrastructure for electric vehicles in cities and communities, enhancing green transportation infrastructure. In rural areas, we have been advancing the “coal-to-gas” project, using clean energy to improve the living environment, and promoting local industrial development and job creation through various measures such as industrial support and employment assistance, thereby supporting rural revitalisation.

Investment in Green Charging Facilities

In recent years, China Gas has gradually expanded into the new energy vehicle charging station sector. Through self-construction and partnerships, the Group has invested in charging stations in 21 cities across the country, with a total investment of RMB31 million. Currently, the Group operates 34 charging projects with 590 charging units, with a total installed capacity exceeding 26,500 kilowatts. These charging projects primarily cover residential communities, commercial centres, and transportation hubs, providing convenient home charging solutions for residents in our own gas service communities. By building supporting facilities at bus stations and logistics parks, we enhance the accessibility of clean energy and contribute to the development of a green urban transportation system.

Development of Coal-to-Gas Projects

In 2017, the National People’s Congress formally introduced the concept of the “Blue Sky Defence Campaign,” with the “coal-to-gas” clean heating initiative as one of its core measures. China Gas actively responded to the national strategy by implementing coal-to-gas projects in the Beijing-Tianjin-Hebei region and surrounding areas. By the end of 2024, China Gas had connected over 4.5 million households to gas in the North China region, providing more than 10 billion cubic metres of natural gas for winter heating to rural residents in the northern regions.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE



Case: Promoting “Coal-to-Gas” in Northern China

China Gas actively promotes the “coal-to-gas” clean heating project in rural areas of North China, fully implementing various winter supply assurance policies with strong support from local governments. In the summer of 2024, the Hebei Provincial Government established a “Supply Assurance Task Force” in collaboration with China Gas, actively formulating targeted winter supply assurance plans to address potential issues such as contract gas volume and funding shortages. Lai Shui County in Baoding, Hebei Province, was the first county where China Gas implemented the rural coal-to-gas project. Lai Shui China Gas invested to construct 1,657 kilometres of various pipelines, connecting nearly 43,000 households, solving the gas and heating needs of many residents and boosting the development of related industries such as gas stoves and wall-mounted boilers.

Currently, the clean heating transformation in North China has achieved phased results, improving environmental conditions and enhancing residents’ quality of life. As of November 2024, China Gas’s coal-to-gas project companies in North China have signed 95 long-term supply assurance agreements with Hebei Province, Shanxi Province, and Tianjin Municipality, with a signing rate exceeding 97%.



China Gas conducts a special winter supply assurance emergency drill in Lai Shui, Baoding

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Supporting Rural Revitalisation

The comprehensive promotion of rural revitalisation is an important task in building a strong agricultural country in the new era. In January 2024, the Central Committee of the Communist Party of China and the State Council formally proposed a “Road Map” for the effective promotion of comprehensive rural revitalisation, emphasising the continuous strengthening of industrial and employment support and summarising models for the integrated development of assisted industries, aiming to drive overall progress through breakthroughs in key areas. China Gas is highly conscious of its mission and responsibilities, actively aligning with the national rural revitalisation strategy. We are dedicated to consolidating and expanding the achievements of poverty alleviation and supporting rural revitalisation. In terms of education and healthcare assistance, we conduct material donations and regularly visit and survey our designated assistance targets. In terms of industrial assistance, we strongly support the construction of agricultural product planting bases, promoting local employment and utilising our Yipin Smart Living new retail platform to create a series of geographically indicated products, bringing ecological agricultural products out of the mountains and broadening the income-generating paths for villagers, exploring sustainable rural revitalisation assistance models.

6.3.2 Supporting Public Welfare with Practical Actions

China Gas established the China Gas Charity Foundation in 2014, integrating the Group’s products and services with social philanthropy. Guided by the Group’s *Policy on Stakeholder Engagement*, we include vulnerable groups in our stakeholder identification, comprehensively assessing the needs and concerns of communities and local stakeholders to ensure that the Group’s decisions and actions take into account the interests of all parties. We uphold the principle of “bringing love to the outside and caring for the inside” and actively explore public welfare mechanisms with China Gas characteristics, serving the Group’s development strategy and playing a positive role in various charitable initiatives, including support for underprivileged groups, flood control, safety publicity, and environmental education. During the Reporting Period, the Group achieved significant milestones across different charitable sectors, including charitable donations, community investments, and business-driven initiatives, as follows:



6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE



Case: China Gas Charity Foundation and Hong Kong Family Welfare Society Jointly Host Bread Making Workshop

In August 2024, the China Gas Charity Foundation and the Hong Kong Family Welfare Society jointly organised a Bread Making Workshop. Twenty parent-child families visited a modern bread production line of a local company, gaining a deep understanding of the entire production process from flour mixing to baking. During the hands-on session, children, with the assistance of volunteers, created their own creative bread pieces. This event not only enhanced parent-child emotional communication but also cultivated children's practical skills and creativity through an educational and entertaining approach.



Bread Making Workshop Event



Case: China Gas "Friendship and Love" Elderly Day

In October 2024, the China Gas Charity Foundation and Friendship and Love charity jointly organised the "China Gas Friendship and Love Elderly Day", inviting 150 elderly people to enjoy a pleasant weekend. At the event, the elderly enjoyed exquisite dim sum and listened to popular songs performed by guest artists. Volunteers from the China Gas Charity Foundation also presented each elderly person with a gift bag, demonstrating the Group's commitment to respecting and caring for the elderly.



China Gas Friendship and Love Elderly Day Event



China Gas Volunteers Preparing Gift Bags for the Elderly

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.3.3 Building Community Culture

The Group consistently upholds a high sense of social responsibility, enhancing its brand image and social influence through regular communication with the media, collaboration with the government, and engagement with corporate and residential users. These efforts inject new vitality and depth into community cultural development, creating a safer, better, and more harmonious living environment for residents.

With respect to media communication, China Gas has established the “China Gas Media Alliance Programme” based on the *Management System for Maintaining Media Relations of China Gas*, adhering to the principles of “Coordinated Planning, Tiered Accountability, and Regional Management”. This initiative aims to strengthen the Group’s media relations. In FY2024/25, China Gas organised media tours in Jinghai District, Tianjin, and Lai Shui County, Baoding, Hebei Province, focusing on rural coal-to-gas projects. These events attracted participation from over ten central, provincial, and municipal party media and authoritative financial media outlets, including Xinhua News Agency, People’s Daily, Hebei Daily, and Tianjin Daily. Media representatives visited local coal-to-gas villages and gas stations, gaining firsthand experience of the achievements made over the past seven years in the “Blue Sky Defence Campaign” and the North China coal-to-gas clean heating strategy. Following the tours, the media launched a series of special reports, effectively disseminating the Group’s contributions to stable, clean, and efficient gas supply, as well as its efforts in ensuring people’s livelihood and promoting green development.



Media Tour Visiting China Gas Tianjin Jinghai High-Pressure Transmission and Distribution Gate Station

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

Regarding government-enterprise relationship maintenance, the Group and its subsidiaries strengthen community cultural development through enhanced communication and collaboration with governmental entities, providing strong policy support and financial backing. In the face of energy challenges and market changes, the Group maintains close contact with governments at all levels, forming a comprehensive three-tier government-enterprise relationship management system encompassing the headquarters, regional management centres, and operational groups or project companies. We regularly update local party committees, governments, people's congresses, and political consultative conferences on our operational and management activities, actively participating in relevant government public relations (PR) activities to foster a favourable business environment for regional development. During the Reporting Period, the Group participated in various activities such as price linkage mechanism hearings, gas facility renovation seminars, and gas service satisfaction improvement meetings, engaging in face-to-face communication and negotiations with government departments, corporate users, and residential users to address the concerns and needs of all stakeholders, continuously improving service quality, and actively fulfilling social responsibilities.



Dangyang China Gas Participates in the Natural Gas Upstream-Downstream Price Linkage Mechanism Hearing



Tianmen China Gas Conducts a "Gas Service Satisfaction Improvement" Seminar

As for community and resident engagement, as community and resident expectations for gas company safety management and service quality have increased in recent years, China Gas has demonstrated a positive attitude of "open operation" in municipal public utilities. On one hand, we incorporate community and environmental impact analyses into project assessments, addressing issues such as safety distances, noise control, and the impact on community employment and resident well-being. On the other hand, we actively explore innovative industry supervision mechanisms, involving various sectors of society in the supervision and management of gas companies, fostering a collaborative regulatory environment involving government, enterprises, and society.

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE



Case: Launching “Gas Social Supervisors” Pilot Programme

China Gas launched the “Gas Social Supervisors” pilot programme at the end of 2024, selecting six representative project companies from the Central China, Central Plains, Northwest, Southwest, Northeast, and North China regions, including both provincial capital city projects and rural coal-to-gas projects, to ensure the pilot results are widely applicable.

After the launch, we received over 350 applications through various channels and selected 35 supervisors from different fields, including media, law, and community. To enhance the effectiveness of supervision, each pilot company organised professional training to help supervisors acquire gas safety knowledge. Currently, some supervisors have been certified and are working alongside professional inspection personnel to conduct on-site inspections, covering the entire process from gas transmission to end-users. The “Gas Social Supervisors” pilot programme has innovatively involved social forces in gas safety governance, earning high recognition from local governments and widespread praise and trust from users, forming a positive interaction mechanism of corporate self-discipline and social supervision.



Gas Social Supervisors Appointment Ceremony

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE

6.3.4 Participating in Volunteer Services

China Gas has long been committed to public welfare activities, guided by the belief that “public welfare for all is the real public welfare” to contribute to society. The Group has formed a volunteer service team to encourage employees to actively participate in volunteer services and contribute to community development. During the Reporting Period, the volunteer service team participated in a range of activities, including gas safety awareness campaigns and assistance for disadvantaged groups.



Case: Promoting Gas Safety

China Gas subsidiaries actively collaborate with local government agencies, market departments, and fire services to conduct various gas safety awareness campaigns in businesses, rural areas, communities, schools, and households, helping the public enhance their gas safety awareness and emergency response capabilities. During the Reporting Period, we organised safety promotion teams to visit “coal-to-gas” villages, providing household guidance to villagers on the correct use of gas equipment, focusing on practical knowledge such as identifying safety hazards, emergency handling, and reporting channels. In communities, we used real-life cases to explain gas safety basics in an easy-to-understand manner and answered residents’ questions and concerns during interactive sessions. For elderly gas users, we prepared illustrated brochures and easy-to-understand leaflets to facilitate their understanding and memory. Additionally, our gas safety inspection volunteers conducted household safety checks, thoroughly inspecting residents’ gas facilities and promptly addressing safety hazards, earning consistent praise from community residents and elderly individuals living alone.



China Gas Service Volunteers Conducting Community Gas Safety Promotion and Inspections

6. COOPERATING FOR COMMON INTEREST AND PUBLIC WELFARE



Case: Community Care Event

In the run-up to the Spring Festival of 2025, the China Gas Charity Foundation and Yipin Smart Living Technology, in collaboration with the Tianxin Community Party Committee, launched a community care initiative. The event was held in the form of a New Year's market, distributing festival supplies such as dumplings, Spring Festival couplets, and toys to migrant workers and community residents staying in Shenzhen. Through deep community care and external collaboration, the event transformed the warmth of traditional festivals into sustainable social value.



Community Care Event



Case: Blood Donation

In September 2024, the China Gas headquarters in Shenzhen initiated a blood donation activity. Over 30 employees actively participated, donating a total of 9,000 millilitres of blood. As a company with a long-standing tradition of public welfare, China Gas has been honoured multiple times as an "Advanced Unit" in blood donation, allowing the company's benevolent spirit to continuously flow into the veins of society.



Blood Donation at China Gas Headquarters

APPENDIX

CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
A. ENVIRONMENT			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management, Sustainability Policy and Regulation List	86, 166
KPI A1.1	The types of emissions and respective emissions data.	Green Operation, Performance Data Table	92-94, 173
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where applicable intensity (e.g. per unit of production volume, per facility).	Green Operation, Performance Data Table	92, 173
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation, Performance Data Table	105, 174
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation, Performance Data Table	105, 174
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management	88
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation	105

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation, Sustainability Policy and Regulation List	86, 166
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Table	174
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation, Performance Data Table	103, 174
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation	88, 95
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation During the reporting period, the Group did not encounter any issues related to the procurement of suitable water	102
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Performance Data Table	174
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management, Sustainability Policy and Regulation List	107, 166
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management	107
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change, Sustainability Policy and Regulation List	112, 166
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change	114-120

APPENDIX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
B. SOCIAL			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Rights, Sustainability Policy and Regulation List	124, 166-167
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employee Rights, Performance Data Table	125, 175
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights	127
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety Management, Sustainability Policy and Regulation List	66, 167-168
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Management, Performance Data Table	69, 176
KPI B2.2	Lost days due to work injury.	Safety Management, Performance Data Table	69, 176
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Work Safety	69-72

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development, Sustainability Policy and Regulation List	129, 168
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development, Performance Data Table	130, 176
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development, Performance Data Table	130, 176
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Rights, Sustainability Policy and Regulation List	124, 167-128
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights, Sustainability Policy and Regulation List The Group regularly reviews its employment practise to ensure compliance with applicable laws and regulations in preventing child and forced labour.	124, 167-168
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights The Group has zero tolerance towards such practise. Violations are subject to internal disciplinary actions or handled by relevant authorities.	124

APPENDIX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management, Sustainability Policy and Regulation List	140, 168
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management, Performance Data Table	141, 172
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	140-143
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitoring methods.	Supply Chain Management	142-144
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	142-146
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Premium Quality The Group has not identified material concerns in its operations regarding advertising and labelling matters, thus dedicated policies are not in place. There are no laws and regulations that have a significant impact on the Group regarding health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group.	/
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Premium Quality	51

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Exceptional Service	55-56
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Compliant Business Operations	37
KPI B6.4	Description of quality assurance process and recall procedures.	Premium Quality	51
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Exceptional Service, Sustainability Policy and Regulation List	57-58, 160-170
Aspect B7: Anti-corruption			
General Disclosure Information:	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliant Business Operations, Sustainability Policy and Regulation List	33, 170
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Compliant Business Operations, Performance Data Table	33, 172
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliant Business Operations	33
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliant Business Operations	35-36
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Public Welfare, Sustainability Policy and Regulation List	151, 170
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Public Welfare	151-159
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Public Welfare, Performance Data Table	153, 176

APPENDIX

SUSTAINABILITY POLICY AND REGULATION LIST

Policy name	Corresponding HKEX ESG Code
Carbon Management Manual	A1 Emissions
Carbon Management Procedure Document	A1 Emissions
Control Procedures of Carbon Management Objectives	A1 Emissions
Control Procedures of GHG Emission Source Identification, Accounting and Reporting	A1 Emissions
Control Procedures of Data Collection for Carbon Management	A1 Emissions
Control Procedures of Carbon Management Training	A1 Emissions
Control Procedures of Carbon Management Monitoring, Measurement, and Analysis	A1 Emissions
China Gas Vehicle Management System	A1 Emissions, A2 Use of Resources
7S Office Environmental Management System	A2 Use of Resources
Office Printing Improvement Programme	A2 Use of Resources
China Gas Environmental and Social Management System	A3 The Environment and Natural Resources, B8 Community Investment
Biodiversity Protection Policy	A3 The Environment and Natural Resources
Guidelines for the HSE Management System	A3 The Environment and Natural Resources
Environmental Impact Assessment Report Outline	A3 The Environment and Natural Resources
Engineering Construction Risk Management and Control Guidelines	A3 The Environment and Natural Resources
Climate Change Policy	A4 Climate Change
Equal Rights and Interests Policy	B1 Employment
China Gas Human Resources Management Manual	B1 Employment, B4 Labour Standards
China Gas Recruitment Management System	B1 Employment, B4 Labour Standards
Management Method for Cadre Allocation	B1 Employment
Responsibilities and Annual Targets of Headquarter Departments, Business Departments and Specialised Companies	B1 Employment

Policy name	Corresponding HKEX ESG Code
Responsibilities and Annual Targets of Regional Management Centres	B1 Employment
Project Company Annual Target Responsibility Letter	B1 Employment
Quarterly Performance Appraisal Programme for Management Level at Regional and Project Companies	B1 Employment
Safety Management System	B2 Health and Safety
Occupational Health Management System	B2 Health and Safety
Management System for Safety Exercise	B2 Health and Safety
Dangerous Source Management System	B2 Health and Safety
Management System for Safety Accident	B2 Health and Safety
Safety Monitoring Centre Management System	B2 Health and Safety
Assessment Methods for the Safety Digital Integrated Management Platform Plan and the Safety Responsibility Management System	B2 Health and Safety
Management System of Employees Safety Scorecard	B2 Health and Safety
Management System of Safety Experience Feedback	B2 Health and Safety
Management System of General Manager Pre-employment Safety Appraisal of Project Company	B2 Health and Safety
Management System of Safety Performance Evaluation for Various Positions	B2 Health and Safety
Regulation of Safety Supervision	B2 Health and Safety
Interim Provisions on Employee's Wedding, Burial, Work-related Injuries and Visits to Major Diseases	B2 Health and Safety
Headquarters Staff Care Programme	B2 Health and Safety
Staff Care Committee Assistance Application Guide	B2 Health and Safety
Risk Classification and Control Guidelines	B2 Health and Safety
Production and Operation Emergency Response and Preparation Guidelines for Project Companies	B2 Health and Safety
China Gas HSE Management Manual	B2 Health and Safety
HSE Rating Inspection Standards	B2 Health and Safety

APPENDIX

Policy name	Corresponding HKEX ESG Code
Procedures for Seven High-risk Operations of China Gas	B2 Health and Safety
Construction Safety Guidelines	B2 Health and Safety
Regulations of Safety Supervision	B2 Health and Safety
Implementation Plan of HSE Management Rating for Project Companies	B2 Health and Safety
Implementation Plan of Safety Supervision and Training	B2 Health and Safety, B3 Development and Training
Implementation and Management of Safety Supervision and Inspection	B2 Health and Safety
Training and Management System	B3 Development and Training
Employees' Code of Conduct	B4 Labour Standards, B6.3 Description of Practices Relating to Observing and Protecting Intellectual Property Rights, B7 Anti-corruption
Engineering Material Supplier Management System	B5 Supply Chain Management
Implementation Rules for Supplier Access and Inspection of China Gas	B5 Supply Chain Management
China Gas Suppliers' Code of Conduct	B5 Supply Chain Management
Sunshine Audit Agreement	B5 Supply Chain Management
Integrity Commitment Letter	B5 Supply Chain Management
China Gas Supplier Reward and Punishment Management Measures	B5 Supply Chain Management
Operational Management System	B6 Product Responsibility
Production and Operation Emergency Repair Maintenance Management System	B6 Product Responsibility
Notice on Releasing Summary Report on the Three-Year Action Plan for Special Rectification of Work Safety by China Gas	B6 Product Responsibility
Incoming Inspection System	B6 Product Responsibility
On-site Inspection System	B6 Product Responsibility
Finished Products Inspection System	B6 Product Responsibility

Policy name	Corresponding HKEX ESG Code
Rectification and Management Procedure for Transmission Loss	B6 Product Responsibility
Technical Regulations for Gas Flow Metre Selection	B6 Product Responsibility
China Gas Group Emergency Repair System Construction Work Guidelines	B6 Product Responsibility
Third-Party Construction Damage Incident (Accident) Management and Assessment Measures	B6 Product Responsibility
Township Gas Transmission and Distribution Management	B6 Product Responsibility
Equipment Management Regulations	B6 Product Responsibility
Township Gas Transmission and Distribution Management	B6 Product Responsibility
Technical Regulations for Non-Interrupted Pressure Tapping on High and Medium Pressure Steel Gas Pipelines	B6 Product Responsibility
Regulations for Managing Hazardous Operations in Gas Transmission and Distribution Systems	B6 Product Responsibility
Operation and Maintenance Management Standards for Gas Facilities	B6 Product Responsibility
CNG, LNG and L-CNG Gas Stations' Production and Operation Management Standards	B6 Product Responsibility
Guidelines for Home Safety Inspection Management for Gas Users	B6 Product Responsibility
Management Guidelines for Gas Pipeline Network Inspection	B6 Product Responsibility
Emergency Response Plan	B6 Product Responsibility
Customer Service Management System	B6.2 Number of products and service related complaints received and how they are dealt with.
Customer Complaint Handling Principles	B6.2 Number of products and service related complaints received and how they are dealt with.
China Gas Group Staff Service Code	B6.2 Number of products and service related complaints received and how they are dealt with.
Call Centre Management Regulations	B6.2 Number of products and service related complaints received and how they are dealt with.

APPENDIX

Policy name	Corresponding HKEX ESG Code
Hotline Staff Service Manual	B6.2 Number of products and service related complaints received and how they are dealt with.
Privacy Policy	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.
Protecting Customer Data Privacy	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.
Strengthening the Confidentiality of User Privacy	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.
China Gas Compliance Code of Conduct	B7 Anti-corruption
Anti-bribery and Anti-corruption Policy	B7 Anti-corruption
Anti-corruption Work Regulations of China Gas	B7 Anti-corruption
Regulations on the Supervision and Punishment of Employees' Misconduct of China Gas	B7 Anti-corruption
Employees' Rewards and Punishments Regulations	B7 Anti-corruption
Internal Audit Supervision and Management System	B7 Anti-corruption
Internal Supervision and Reporting Management System	B7 Anti-corruption
Implementation Measures for the Management of the List of Bribers in China Gas	B7 Anti-corruption
Engineering Material Supplier Management System	B7 Anti-corruption
China Gas Red and Yellow Lines Management Regulations	B7 Anti-corruption
Comprehensive Risk Management System of China Gas	B7 Anti-corruption
Integrity and Diligence Handbook	B7 Anti-corruption
Charitable and Community Activities Management Policy	B8 Community Investment

PERFORMANCE DATA TABLE

OPERATIONAL PERFORMANCE

	Unit	FY2024/25	FY2023/24	FY2022/23
Number of pipeline gas projects with exclusive franchise	No.	662	662	661
Total number of long-distance natural gas transmission pipelines	No.	32	32	32
Total length of natural gas pipelines	km	562,729	554,755	551,688
Number of CNG/LNG refilling stations for vehicles and vessels	No.	488	516	533
Number of LPG distribution projects	No.	120	119	106
Total natural gas sales volume	million m ³	39,959.8	41,698.4	39,249.1
Total LPG sales volume	million ton	3.868	3.996	4.132

APPENDIX

SUPPLIER OVERVIEW

	Unit	FY2024/25	FY2023/24	FY2022/23
Cumulative number of centralised suppliers certified by China Gas Bidding and Procurement Platform	No.	234	255	224

BUSINESS ETHICS

	Unit	FY2024/25	FY2023/24	FY2022/23
Number of concluded legal cases regarding corrupt practices	No.	0	1	0

ENVIRONMENTAL PERFORMANCE

	Unit	FY2024/25	FY2023/24	FY2022/23
Greenhouse gas (GHG) emissions⁶				
Scope 1 (direct emissions) –				
Internal use	tCO ₂ e	74,733.57	77,034.87	79,186.73
Scope 1 (direct emissions) –				
Integrated energy business	tCO ₂ e	138,292.03	182,797.66	152,357.78
Scope 2 (energy related indirect emissions) ⁷				
	tCO ₂ e	113,207.15	102,121.06	106,205.14
Scope 3 (other indirect emissions) ⁸				
Scope 3 – Air travel by employees	tCO ₂ e	512.58	891.91	410.85
Scope 3 – Purchased goods and services	tCO ₂ e	11,754,227.20	12,017,923.37	–
Scope 3 – Upstream transportation and distribution	tCO ₂ e	249,632.92	572,426.40	–
Scope 3 – Use of sold products	tCO ₂ e	41,206,104.00	43,156,800.00	–
Total GHG emissions	tCO ₂ e	53,536,709.45	56,109,995.27	338,160.50
Total GHG emissions (excluding integrated energy business)				
	tCO ₂ e	53,398,417.42	55,927,197.60	185,802.72
GHG intensity				
(Scope 1 and Scope 2)	kgCO ₂ e/GJ of energy sold	0.23	0.23	0.21
GHG intensity				
(Scope 1, Scope 2 and Scope 3) ⁹	kgCO ₂ e/GJ of energy sold	37.72	35.12	–
Direct gas emissions				
Particulate matter (PM)	ton	21.27	21.18	28.96
Sulphur dioxide (SO ₂)	ton	6.30	6.22	9.52
Nitrogen oxides (NO _x)	ton	107.95	113.97 ¹⁰	133.05

⁶ In FY2024/25, the data of the Group was calculated according to the *Environmental, Social and Governance Reporting Code* of the HKEX and other international references.

⁷ Scope 2 GHG emissions primarily originate from the indirect GHG emissions generated by the non-renewable electricity consumed in the Group's operations. In FY2024/25, the Group adopts the electricity emission factor of 0.5366 kg CO₂/kWh as specified in the *Announcement of the Ministry of Ecology and Environment and the National Bureau of Statistics of China on the Release of the 2022 Electricity Carbon Dioxide Emission Factor* issued on 26 December 2024.

⁸ The quantification of Scope 3 GHG emissions is guided by the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Starting from FY2023/24, the Group's Scope 3 GHG emissions were from business travel (air travel by employees), purchased goods and services, upstream transportation and distribution, and the use of sold products.

⁹ The Group continues to improve the management of Scope 3 GHG emissions and enhance disclosure coverage.

¹⁰ Data restatement: In order to enhance the accuracy and comparability of data disclosure, some historical data have been restated in this report. The original disclosure of nitrogen oxides (NO_x) emissions for FY2023/24 was 97.07 tonnes, which was revised to 113.97 tons after verification.

APPENDIX

	Unit	FY2024/25	FY2023/24	FY2022/23
Energy consumption				
Petro	ton	6,334.39	7,096.55	7,546.69
Natural gas – Internal use	m ³	15,457,693.26	15,567,876.98	14,236,803.05
Natural gas – Integrated energy business	m ³	67,610,579.64	89,677,457.85	75,325,451.71
LPG	ton	54.68	69.84	27.83
Diesel	ton	3,309.22	3663.56	4,769.62
Heavy Oil	ton	931.50	743.57	1,724.97
Fuel oil	ton	0	0	0.02
Kerosene	ton	0.04	0	0
Electricity (non-renewable energy)	kWh	203,317,438.93¹¹	183,407,070.82	174,078,248.26
Electricity (renewable energy)	kWh	480,900.00	485,374.30	380,500.00
Total energy consumption ¹²	GJ	3,689,879.83	4,407,894.46	3,817,229.65
Total energy consumption (excluding integrated energy business)	GJ	1,282,368.51	1,214,614.70	1,135,003.30
Energy intensity	GJ/GJ of energy sold	0.003	0.003	0.002
Energy intensity (excluding integrated energy business)	GJ/GJ of energy sold	0.001	0.001	0.001
Material use				
Paper product/cardboard	ton	227.00	201.41	641.72
Plastic	ton	0	0.64	6.05
Styrofoam	ton	77.00	114.87	344.32
Water consumption				
Total water consumption	ton	2,454,220.66¹³	2,901,566.03	2,754,576.41
Water consumption intensity	kg/GJ of energy sold	1.73	1.82	1.72
Wastewater and waste				
Total wastewater discharged	ton	1,275,649.42	1,421,876.00	1,604,239.31
Non-hazardous waste produced ¹⁴	ton	2,357.21	21,350.75	22,427.15
Non-hazardous waste production intensity	ton/employee	0.03	0.29	0.29
Hazardous waste produced ¹⁵	ton	13.09	71.10	77.34
Hazardous waste production intensity	ton/employee	0.000	0.001	0.001
Environmental compliance				
Environmental regulatory non-compliances	No.	0	0	0

¹¹ The data sources cover Mainland China and the Hong Kong Special Administrative Region of China.

¹² Energy consumption is calculated based on the conversion factors provided in the *China Energy Statistical Yearbook 2019*.

¹³ The data sources cover Mainland China and the Hong Kong Special Administrative Region of China.

¹⁴ The non-hazardous waste generation data was obtained through estimation.

¹⁵ The hazardous waste generation data was obtained through estimation.

EMPLOYMENT

	Unit	For the year ended 31 March		
		FY2024/25	FY2023/24	FY2022/23
Total number of employees	people	74,233	74,643	77,335
By employment type				
Full-time	people	74,233	74,643	77,335
Part-time	people	0	0	0
By gender				
Male	people	46,185	46,623	49,800
Female	people	28,048	28,020	27,535
By age				
Under 30 years old	people	14,249	14,942	19,042
30–50 years old	people	52,016	51,897	50,149
Above 50 years old	people	7,968	7,804	8,144
By rank				
Senior management	people	1,935	2,568	2,673
Middle-level management	people	8,115	8,037	8,282
General staff	people	64,183	64,038	66,479
By ethnicity				
Han	people	68,783	69,712	71,820
Ethnic minorities	people	5,450	4,931	5,515
Male to female ratios by rank				
Senior management				
Male	%	62	83	85
Female	%	38	17	15
Middle-level management				
Male	%	62	68	69
Female	%	38	32	31
General staff				
Male	%	62	61	63
Female	%	38	39	37

APPENDIX

HEALTH AND SAFETY, TRAINING AND DEVELOPMENT, AND LABOUR PRACTICES

	Unit	FY2024/25	FY2023/24	FY2022/23
Health and safety				
Number of work-related injuries ¹⁶	No.	2	1	2
Serious work-related injuries (excluding fatalities) ¹⁷	No.	0	0	0
Number of work-related fatalities	No.	0	0	0
Number of work-related fatalities (employees)	No.	0	0	0
Number of work-related fatalities (contractors)	No.	0	/	/
Number of occupational disease cases	No.	0	0	0
Number of disability injuries	No.	2	0	0
Rate of work-related injuries ¹⁸	/	0.01	0.00	0.00
Serious work-related injury rate (excluding fatalities) ¹⁹	/	0	0	0
Work-related fatality ²⁰	/	0.00	0.00	0.00
Lost working days due to work-related injury	day	160	70	130
Lost-time injury frequency rate (LTIFR)	Case/million			
Per million hours – employees	work hours	0.0148	0.0077	0.0091
Lost-time injury frequency rate (LTIFR)	Case/million			
Per million hours – employees	work hours	0	0	0
Total working hours	hour	134,998,504	130,036,875	126,980,930
Total recordable injury rate ²¹	Cases/1,000 persons	0.25	/	/
Training and development				
Employee training rate	%	100	100	100
Percentage of male employees trained ²²	%	62	62	64
Percentage of female employees trained	%	38	38	36
Percentage of senior management employees trained	%	3	3	3
Percentage of middle-level management employees trained	%	11	11	11
Percentage of general staff trained	%	86	86	86
Total training hours	hour	4,497,035	4,575,616	4,683,904
Average training hours per employee	hour	60.58	61.30	60.57
Labour practices				
Number of violation cases related to employment or labour regulations	No.	0	0	0
Number of violation cases related to child labour or forced labour	No.	0	0	0
Number of discrimination cases related to gender, ethnicity, age and health during recruitment	No.	0	0	0

COMMUNITY INVESTMENT

	Unit	FY2024/25	FY2023/24	FY2022/23
Number of volunteers	people	9,475	44,189 ²³	1,689 ²⁴
Hour of voluntary services	hour	59,216	262,424 ²⁵	2,523
Number of beneficiaries	people	19,281	12,261	50,916 ²⁶
Charitable donations	HK\$	884,000	2,097,000	715,624

¹⁶ Work-related injuries include work-related fatalities and serious work-related injuries.

¹⁷ Serious work-related injuries (excluding fatalities) refer to those work-related injuries which caused the workers to fail or have difficulty recovering to their pre-injury state within six months.

¹⁸ Rate of work-related injuries = (Total number of work-related injuries/Total working hours) × 200,000.

¹⁹ Serious work-related injury rate (excluding fatalities) = (Total number of serious work-related injuries (excluding fatalities)/Total working hours) × 200,000.

²⁰ Work-related fatality = (Total number of fatalities as a result of work-related injury/Total working hours) × 200,000.

²¹ The total recordable injury rate can be recorded covering both employees and contractors.

²² Percentage of employees trained is calculated by determining the proportion of trained employees within a specific category compared to the total number of trained employees across all categories.

²³ Starting from FY2023/24, the statistical scope of the number of volunteers has been expanded.

²⁴ The participation of volunteers in FY2022/23 has been recalculated and optimised for republication.

²⁵ Starting from FY2023/24, the statistical scope of the hours of voluntary service has been expanded.

²⁶ In FY2022/23, there was a large number of beneficiaries benefiting from charity and volunteering activities, which was only an estimated number.



INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No.: **SRA-HK-828307**

China Gas Holdings Limited Sustainability Report 2024/25

The British Standards Institution is independent of China Gas Holdings Limited (hereafter referred to as "China Gas" in this statement) and has no financial interest in the operation of China Gas other than for the assessment and assurance of China Gas Sustainability Report 2024/25 (the "Report").

This independent assurance opinion statement has been prepared for China Gas only for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders and management of China Gas.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by China Gas. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to China Gas only.

Scope

The scope of engagement agreed upon with China Gas includes the following:

1. The assurance covers information and data presented in the Report and focuses on systems and activities of China Gas and its subsidiaries in China, which include mainly in the investment, construction and operation of city and township gas pipelines, gas terminals, storage and transport facilities and logistics systems; delivering natural gas and liquefied petroleum gas (LPG) to residential, industrial, and commercial users; builds and operates compressed natural gas (CNG) and liquefied natural gas (LNG) fuelling stations while developing and applying natural gas and LPG technologies, during the period from 1st April 2024 to 31st March 2025. The Report is prepared in accordance with the Hong Kong Stock Exchange's ("HKEx") Environmental, Social and Governance Reporting Guide ("ESG Guide")
2. Type 1 Moderate Level of Assurance as defined in the AA1000 Assurance Standard v3 ("AA1000AS v3") evaluates the nature and extent of China Gas adherence to four AA1000 Accountability principles, AA1000AP (2018): Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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Opinion Statement

We conclude that the specified sustainability information of the Report provides a fair view of China Gas's sustainability programmes and performance in the Reporting Year. We believe that the social and environmental performance indicators for the sustainability subject matter of the Report are fairly represented in the Report, in which China Gas's efforts to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered China Gas has provided sufficient evidence that the report is considered acceptable in meeting the principles as set out in AA1000AP (2018) during the assurance processes.

Methodology

Our work was designed to gather evidence on which our conclusion is based. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to China Gas's policies to check on the appropriateness of statements made in the Report;
- Discussion with senior executives on China Gas's approach to stakeholder engagement. We had no direct contact with external stakeholders;
- Interview with staff involved in sustainability management, report preparation and provision of report information;
- Review of key organizational developments;
- Review of supporting evidence for claims made in the sustainability subject matter of the Report including raw data and supporting evidence of the sustainability information; and
- An assessment of China Gas's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principle 2018 Standard ("AA1000AP (2018)").

Conclusions

A detailed review against the AA1000AS v3 for Accountability principles, AA1000AP(2018) of Inclusivity, Materiality, Responsiveness and Impact, and the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") is set out below.

Inclusivity

The Report has reflected the fact that China Gas has engaged with its significant stakeholders through various channels such as General meetings; Annual reports, interim reports, announcements and circulars; Investor roadshows; Investor, analyst, and creditor meetings; Investor, analyst and creditor visits; Phone calls and emails; Work conferences / Feature conferences; Training programmes; Employees' congresses; Internal publications; Team building activities; Face-to-face meetings; Complaint mailbox; WeChat groups, official accounts, and other workplace software; Researches and meetings on special topics; Environmental impact assessment Reports; Environmental monitoring reports; Daily reporting and communication; Industry association activities; Relevant forums and exchanges; On-site inspections; Phone calls and Emails; Supplier conferences; WeChat groups and official accounts; Supplier training programmes; Strategic cooperation plans; Supplier performance communication meetings; Telephone service hotlines; Community service stations; Online customer service systems; Customer satisfaction surveys; China Gas "Smart Living" Platform; Press releases and announcements; Community promotion campaigns; Safety and science activities; Social welfare volunteering activities; On-site visits and tours; Stakeholder engagement plans; and more.

China Gas's operation involves various methods of engaging its stakeholders on an on-going basis. The Report covers economic, social and environmental aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, China Gas adheres to the principle of Inclusivity. Areas for enhancement of the Report were adopted by China Gas before the issuance of this opinion statement.

Materiality

China Gas publishes sustainability information that enables its stakeholders to make informed judgments about China Gas's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies China Gas's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in matrix form. Areas for enhancement of the Report were adopted by China Gas before the issuance of this statement.

Responsiveness

China Gas has implemented practices that respond to the expectations and perceptions of its stakeholders. These include sustainability reporting for both internal and external stakeholders. In our professional opinion, China Gas adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted by China Gas before the issuance of this statement.

Impact

China Gas has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable China Gas to assess its impact and disclose them in the sustainability subject matter of the Report. In our professional opinion, China Gas adheres to the principle of Impact. Areas for enhancement of the Report were adopted by China Gas before the issuance of this statement.

HKEx ESG Reporting Guide

Based on our verification review, we are able to confirm that social responsibility and sustainability related key performance indicators and disclosures in two ESG subject areas (Environmental and Social) being reported are based on HKEx ESG Guide.

In our professional opinion, the Report covers the China Gas's social responsibility and sustainability issues. Area for enhancement to the Report was adopted by China Gas before issue of this opinion statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this opinion statement.

Responsibility & Limitations

It is the responsibility of the China Gas's senior management to ensure that the information being presented in the Report is accurate. The assurance is limited by information presented by China Gas. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of lead assurors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, GRI Certified Sustainability Professional, AA1000 Certified Sustainability Assurance Practitioner (CSAP), HKEX's ESG Reporting Guide, UNGC's Ten Principles, ISO 20121, ISO 14064, ISO 14001, OHSAS 18001, ISO 45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Verifier of the Report:



Dr. Tatiana Schmollack-Tarasova, Managing Director Greater China, APAC Assurance



Mr. Aaron Chim
Lead Assuror

21 July 2025



AA1000
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