

元亨燃氣  
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 332



2023/24

Environmental, Social  
& Governance Report





## Vision

To become China's leading sustainable clean energy group, first-class producer, supplier and service provider in the energy industry



## Mission

To provide adequate returns to shareholders, employees and society



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# ABOUT THIS REPORT

This eighth Environmental, Social, and Governance (ESG) report of Yuan Heng Gas Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as “Yuan Heng Gas” or the “Group”) (Stock Code 0332), informs all stakeholders about the Group’s management methods, related performance, and impact on environmental, social, and governance matters. This report should be read in conjunction with the Group’s annual report. For information relating to corporate governance, please refer to the Corporate Governance Report on Pages 9 to 31 of the Annual Report. This report is published in both Chinese and English versions, and in the event of any discrepancy between the two versions, the Chinese version shall prevail.

## Time Range

The period covered by this report is from 1 April 2023 to 31 March 2024. To make its content more comparable and forward-looking, this report has included information from previous years or beyond the aforementioned scope.

## Reporting Scope

This report covers two LNG processing plants located in Ordos, Inner Mongolia and Dazhou, Sichuan, as well as the natural gas transmission (Xingxing Energy and Huixin Energy), collectively referred to as the (“Operating Stations”). We have determined the scope of the report based on the degree of impact of our business on the environment and society. The environmental data and social data of the report are mainly from the Operating Stations mentioned above, and the narratives cover the activities of the entire Group.

Due to closure of Guizhou Huaheng Energy Investment Co., Ltd. (“Huaheng Energy”) in August 2022, Huaheng Energy is no longer included in the scope of this ESG report.

## Reporting Guidelines

This report follows Appendix C2 of the Listing Rules on the Main Board of the Stock Exchange of Hong Kong Limited, Environmental, Social and Governance Reporting Guidelines and is based on the actual situation of The Group under the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

## Information Source

All information and data cited in this report are from the official archives, internal documents, statistical reports or financial reports of Yuan Heng Gas Holdings Limited.

## Report Location

The Report is prepared in both electronic and paper versions. You can view and download the electronic version of the Report on the Company’s website (<http://www.yuanhenggas.com>).

If you have any questions about the Report’s content or need a paper version of the Report, please send an email to [yhad@yuanhenggas.com](mailto:yhad@yuanhenggas.com), or call (852) 3583 1120.

## Feedback

If you have any comments or suggestions regarding this report, you are welcome to contact the Group at the following address or by telephone or email:

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# ESG GOVERNANCE

Yuan Heng Gas attaches great importance to sustainable development and nurtures the team culture of “People-oriented, Harmonious and Mutually Beneficial”, integrating the concept of sustainable development into the Company’s strategy formulation and daily operations process. We constantly strengthen communication with stakeholders and enhance our ESG governance capabilities, committing ourselves to becoming China’s leading sustainable clean energy group and a first-class producer, supplier and services provider in the energy industry.

## Board Statement

The Board is the highest authority for ESG matters and holds ultimate responsibility for ESG-related disclosures and other activities. The Safety Production Committee, the Energy Saving and Emission Reduction Working Group assist the Board in supervising and reviewing the Group’s sustainability policy, and strategy and monitoring progress toward ESG objectives and the process of identifying and evaluating material ESG issues. The Management and Execution Board of the Group is responsible for collaborating and jointly participating in management of ESG (Environmental, Social, and Governance) related work, identifying sustainability-related risks and opportunities that may have a significant impact on the Group, and regularly reporting to the Board of Directors.



**Board of Directors**

1. Supervise and promote the Group's efforts on environmental, social and governance issues;
2. Review the process of identifying and assessing material ESG issues;
3. Responsible for constructing an effective ESG work system, evaluating ESG management policies, and strategies, and proposing reasonable and feasible countermeasures based on the identified ESG risks and opportunities.

**Management**

1. Develop ESG management policies, objectives and strategies;
2. Optimise ESG work plan, formulate ESG work plan and summarise work progress;
3. Identify sustainability risks and opportunities with potential impacts and report to the Board of Directors on a regular basis.

**Execution Layer**

1. In accordance with the functional positioning, execute ESG-related duties and responsibilities, and initiate the collection, integration and reporting of related information and data;
2. Execute ESG annual plan communication work irregularly, and assist in the implementation of the Company's ESG projects and related activities;
3. Regularly collect and collate ESG information and data;
4. Prepare the ESG annual report and submit it to the Management and the Board of Directors for review.







*ESG Governance Framework*



### Materiality Assessment

The Group attaches great importance to the identification and management of sustainable development issues. Through regular communication with stakeholders, we collect and understand their opinions to identify substantive ESG issues. We regularly communicate with stakeholders through multi-level and multi-channel communication methods, listening to their opinions and suggestions on the sustainable development of the Group. Based on the identified ESG-related risks and opportunities, we adjust the Group's sustainable development management policies and goals, and promote the sustainable development process.

Below are the stakeholder communication channels and areas of concern:

Stakeholders	Concerns	Communication Channels
 <b>Board of Directors and The Management</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Economic Performance</li> <li>• Business Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Meetings</li> <li>• Factory Visits</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Career Development and Training</li> <li>• Occupational Health and Safety</li> <li>• Employee Remuneration and Benefits</li> </ul>	<ul style="list-style-type: none"> <li>• E-mail</li> <li>• Work Report Meeting</li> <li>• Suggestion Box</li> <li>• Official Website</li> <li>• Staff Handbook</li> <li>• Staff Management System</li> </ul>
 <b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Economic Performance</li> <li>• Operational Risk</li> </ul>	<ul style="list-style-type: none"> <li>• General Meeting of Shareholders</li> <li>• Company website</li> <li>• Corporate Communications</li> <li>• Shareholder Enquiry</li> <li>• Webcasts</li> <li>• Annual Report</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Privacy Protection</li> <li>• Quality Management</li> <li>• Product Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Company Website</li> <li>• Exhibitions</li> <li>• Social Media</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Operational risk</li> </ul>	<ul style="list-style-type: none"> <li>• Engage in exchange and reciprocal visits</li> <li>• Supplier Management</li> <li>• Industry Forum</li> <li>• Association Networking</li> <li>• Disclosure</li> </ul>
 <b>Government/Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Business Ethics</li> <li>• Environmental Compliance</li> <li>• Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Announcement</li> <li>• Public Welfare Projects</li> </ul>



We assess materiality by carrying out stakeholder surveys, to score and prioritise potential material ESG topics. This assessment allows us to identify risks and opportunities that could significantly impact our business operations, and to develop relevant sustainability strategies and targets. For the reporting year, we have continued to use the results of previous stakeholder communications, while the material topics remain unchanged.

Based on the steps of “Stakeholder Communication — Topics Identification — Topics Evaluation — Materiality Confirmation”, the Group has carried out research on material topics in an orderly manner, and the material topics identified are as follows:

- Anti-corruption
- Corporate Governance
- Occupational Safety & Health
- Career Development
- Green Supply Chain

Material topics reflect the company's significant economic, environmental and social impacts. By conducting materiality assessments, Yuan Heng Gas identifies crucial operational topics that impact sustainable development, both positively and negatively, and prioritises its responses to such topics accordingly.





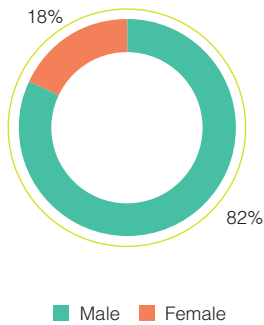
# PEOPLE-ORIENTED

Employees are the core driving force for the success of an enterprise. Yuan Heng Gas regards the protection of employees' rights and interests as the cornerstone of its long-term development and has established a comprehensive employee management system. In order to create a fair, just and diversified working environment, the Group has formulated a series of internal management regulations such as the "Labour Contract Management System", "Staff Recruitment and Employment System", "Salary and Welfare Management System" and "Group Anti-Discrimination and Harassment Rules". The Group prioritises employee training and development, occupational health and safety, aiming to help each employee achieve personal and professional growth. By empowering talent in the natural gas industry, we strive to drive the sector's prosperity and development.

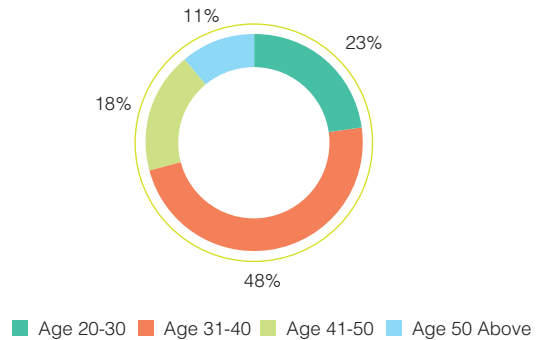
## Workforce Composition

As of 31 March, 2024, the Operating Stations of the Group had a total of 235 employees, all based in mainland China. Xinxin Energy in Ordos employed 114 staff, while Huixin Energy in Dazhou City, Sichuan employed 121 staff. The workforce comprised 192 males (approximately 82%) and 43 females (approximately 18%). Employees aged between 31-40 years and below 30 years accounted for 48.5% and 22.6% of the total number of employees, respectively. Middle and senior management personnel constituted approximately 13.2% of the total workforce.

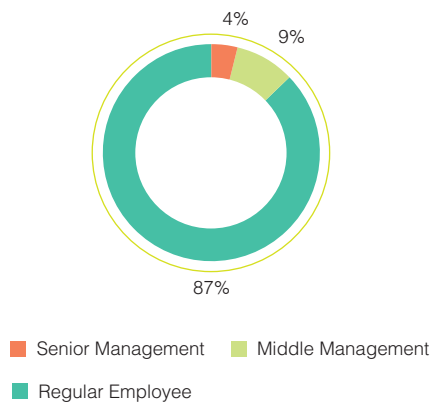
**WORKFORCE BY GENDER**



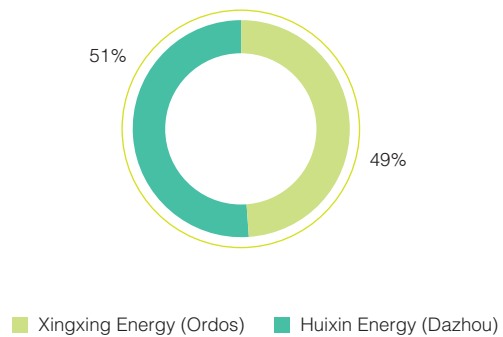
**WORKFORCE BY AGE**



**WORKFORCE BY EMPLOYEE CATEGORY**

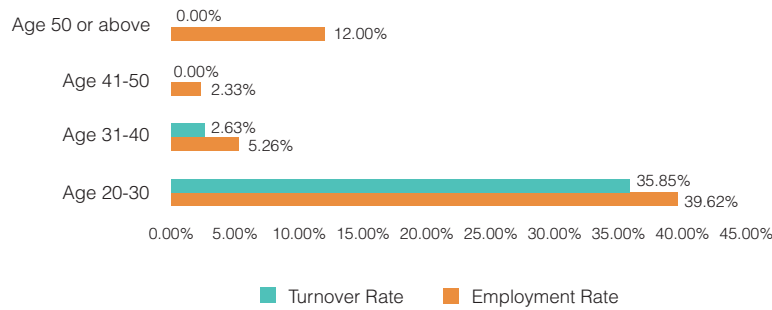


**WORKFORCE BY GEOGRAPHICAL REGION**

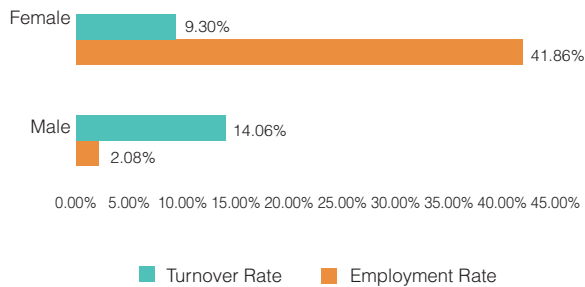


The Operating Stations of the Group's staff turnover rate for the reporting year was 13.19% and the staff employment rate was 9.36%.

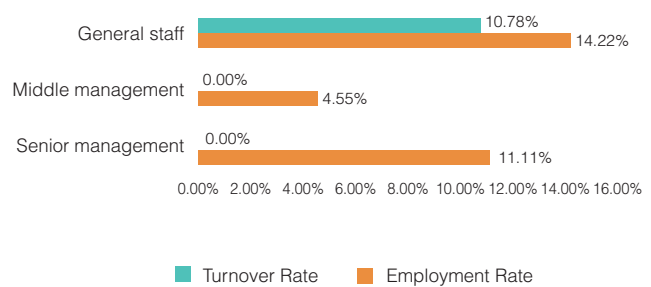
### WORKFORCE TURNOVER & EMPLOYMENT RATES BY AGE



### WORKFORCE TURNOVER & EMPLOYMENT RATES BY GENDER



### WORKFORCE TURNOVER & EMPLOYMENT RATES BY EMPLOYEE CATEGORY



### Employment Compliance

The Group is committed to creating a fair and transparent work environment. In accordance with the “Labour Law of the People’s Republic of China” and the “Labour Contract Law of the People’s Republic of China”, we have developed a detailed labour contract management system to ensure that the rights and interests of all employees are protected. This system covers the entire process of signing, changing, renewing, terminating, and ending labour contracts, aiming to establish stable and lawful labour relations.

### Recruitment

The Group has established the “Employee Recruitment and Employment System” which strictly follows standard recruitment procedures. This ensures optimal allocation of human resources in line with our strategic goals. The system covers all recruitment activities and ensures compliance with all applicable laws and regulations. The administrative office is responsible for the unified release and management of recruitment information in terms of content and format. We select outstanding talent through internal and external channels such as internal recommendations, online recruitment, talent markets, and partnerships with educational institutions. The recruitment process follows a dual assessment principle. Candidates must be evaluated jointly by the employing department and the administrative office before being hired. From recruitment needs analysis to employee onboarding, we have developed a complete process. This includes interviews, selection, and probation periods, ensuring a high degree of compatibility between talent and positions.

### Equal Employment and Anti-discrimination

The Group has established the “Anti-discrimination and Harassment Policy” to create a fair and just work environment. This policy ensures there is no discrimination in recruitment, compensation, training, promotion, or dismissal. Discrimination is defined as unequal treatment not based on job performance. The Group emphasises equal treatment of all candidates during recruitment, prohibiting gender-based hiring standards or rejection of disabled applicants (unless their health condition prevents it). The Group upholds the principle of equal pay for equal work and provides promotion opportunities to all outstanding employees, regardless of gender or nationality, while protecting employees from unlawful dismissal. The Group respects employees’ religious freedom and strictly prohibits sexual harassment in the workplace.

The administrative office is responsible for formulation, implementation, and handling of complaints related to these policies. Each department promotes and enforces these regulations. A special email (huixinhr@126.com and xxnyxzb@163.com) has been set up for appeals. Confirmed cases of discrimination or harassment are addressed through education, correction, or legal action, depending on the severity, to maintain good work order and protect employee rights.

### Forced Labour

The Group upholds fairness and voluntariness, firmly opposing any form of forced labour. We have implemented the “Policy on Preventing Forced Labour”. We ensure no coercion or deception during recruitment. Candidates are provided with essential information about the Group. All agreements signed by employees are based on voluntary principles.



## Eliminating Child Labour

The Group has established the “Policy on Prohibiting Child Labour and Remedial Measures for Misuse of Child Labour”. We strictly review the recruitment process to verify candidates’ age and prevent the misuse of child labour. If such a case is found, we immediately terminate the employment and ensure the child undergoes a comprehensive medical examination and arrange for guardians to care for the child and also cover the related expenses. To ensure the child’s right to compulsory education, we actively track their educational status and provide financial assistance until they complete their compulsory education.

## Employee Rights

### Remuneration

The Group adheres to a people-oriented value system and has established a comprehensive remuneration and benefits management system. The system aims to ensure fairness and market competitiveness through a scientific and reasonable compensation structure, motivating employees to be proactive and creative. The compensation system emphasises alignment between employee contributions and the Group’s strategy while considering market dynamics and regulations. This promotes a win-win development for both employees and the Group.

**The compensation and benefits management system follows these principles:**

<b>Position Value Orientation</b>	Ensure compensation aligns with job worth, reflecting responsibilities and contributions.
<b>Performance Orientation</b>	Link performance evaluation results with compensation to incentivize performance.
<b>Efficiency with Fairness</b>	Ensure employees’ efforts are fairly rewarded.
<b>Sustainable Development</b>	Coordinate with Group strategy and overall benefits to support long-term development.
<b>Market Orientation</b>	Ensure competitive compensation levels to attract and retain top talent.

The Group has established a scientific compensation system to stimulate employee creativity and promote sustainable development.

## PEOPLE-ORIENTED

Highlights of the compensation system design and salary components:

### Compensation Highlights

#### Compensation Structure

Adopt five salary grades based on job value, featuring a broad range of design to ensure personalized allocation.

#### Compensation Distribution and Adjustment

Clear guidelines for monthly-based salary, annual payment, and basic monthly salary algorithms, with regular growth ratios and flexible adjustments.



#### Annual and Non-annual Salary Management

Vice President level and above receive fixed compensation and annual bonuses, while others are adjusted based on function and performance.



## Benefits

The Group strictly complies with all applicable national laws and regulations such as the “Social Security Law and the Labour Law of the People’s Republic of China”. It provides employees with a comprehensive compensation package and ensures full contributions to pension, work injury, unemployment, medical, and maternity insurance, as required by law, along with housing provident fund deposits. In addition to statutory benefits, the Group offers employees other benefits including holiday bonuses, free cafeteria meals, and staff dormitories.

 <p><b>Statutory Benefits</b></p>	<ul style="list-style-type: none"> <li>• Five Social Insurances and Housing Fund: Pension Insurance, Work Injury Insurance, Unemployment Insurance, Maternity Insurance, Medical Insurance, Housing Provident Fund.</li> <li>• Paid Leave: Statutory paid leave, statutory annual leave, marriage leave, maternity leave, funeral leave, prenatal examination leave, paternity leave, breastfeeding break, etc..</li> </ul>
 <p><b>Extra Benefits</b></p>	<ul style="list-style-type: none"> <li>• Training, birthday gifts, cafeteria, team-building activities, sports competitions, etc..</li> </ul>



## Employee Engagement

The Group values communication among employees and strives to build harmonious and stable labour relations, besides safeguarding employees' rights. To achieve this, the Group has established diverse communication platforms, including suggestion boxes and email systems, encouraging employees to proactively provide feedback and suggestions to departments for prompt resolution of any issues. The Group listens to employee voices, promotes innovative thinking, and recognises outstanding adopted ideas through a reward mechanism.

## Training and Development

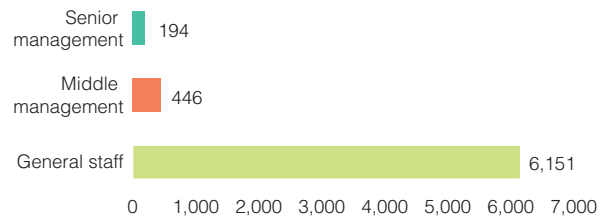
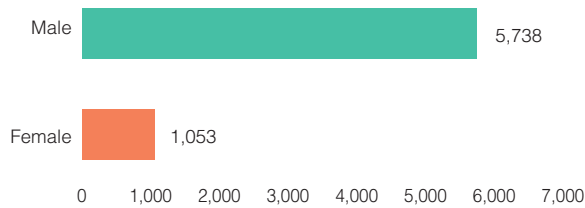
To enhance employees' skills and help them grow in their careers, the Group has developed detailed training programmes covering all types of staff from senior management to frontline operators, ensuring tailored training for each position. The training content is extensive and thorough, encompassing national safety production policies, laws and regulations, safety production techniques, management skills, emergency response plans, occupational health and safety, and more. Training is managed jointly by the administrative office, training department heads, and trainers to ensure smooth implementation.

<b>Administrative Office</b>	<ul style="list-style-type: none"> <li>Responsible for organizing and implementing employee training programmes.</li> <li>Conducts evaluations on training effectiveness and maintains training records.</li> <li>Coordinates with relevant departments for organizing and updating training materials.</li> <li>Assists department heads in establishing talent development plans.</li> </ul>
<b>Training Department Head</b>	<ul style="list-style-type: none"> <li>Assists the Administrative Office in conducting training and encourages department staff to actively participate.</li> <li>Develops and implements training plans for department staff.</li> <li>Oversees talent development within the department.</li> </ul>
<b>Training Instructor</b>	<ul style="list-style-type: none"> <li>Assists department heads in implementing department-specific training plans.</li> <li>Ensures timely updates and reporting of departmental training content.</li> </ul>

During the reporting year, training coverage reached 100% of employees. Aggregate training hours were 6,791 hours, with male employees receiving 5,738 hours and female employees 1,053 hours of training. General staff received a total of 6,151 training hours. In terms of average training hours, male employees averaged 29.89 hours and female employees averaged 24.49 hours. Senior management, middle management, and ordinary staff averaged 21.56 hours, 20.27 hours, and 30.15 hours of training, respectively.



## PEOPLE-ORIENTED



In addition to providing internal training, the Group encourages employees to participate in external training by offering subsidies. We reimburse a portion of tuition fees for employees who successfully pursue graduate studies. For professional and technical experts, key business personnel, and middle to senior management, the Group provides opportunities to attend specialised skills and management training programmes at domestic and international institutions and schools. By combining internal and external training, we systematically enhance employees' professional and general skills, supplementing and updating their existing knowledge base.

### Elaborate on Training Requirements

Develop tailored training programs based on specific work responsibilities to enhance training relevance.

### Diverse Training Methods and Approaches

Employ various training formats and techniques according to participants' knowledge levels, combining theoretical explanations with hands-on practice to standardize employee operations.

### Analyze and Improve Training Effectiveness

Conduct post-training evaluations to assess participant satisfaction and understanding of course content, facilitating future improvements in training content, programs, and methods.

## Occupational Health and Safety

The Group unwaveringly regards employees' occupational health and safety as one of its important corporate responsibilities. We strictly comply with the "Production Safety Law of the People's Republic of China" and the "General Rules on Safety Standardization of Hazardous Chemicals Enterprises", along with other laws and regulations related to occupational health and safety. By setting and regularly reviewing and updating our occupational health and safety targets, we ensure their continued relevance and effectiveness. Following the principles of "safety and prevention first, comprehensive management, full participation, and continuous improvement", the Group consistently strives to establish a secure and healthy working environment for all employees. Notably, over the past three years, there have been no incidents of lost work days or work-related fatalities attributable to work injuries.

### Safety Governance System

The Group continuously improves its occupational health and safety-related systems to enhance management of the same and reduce incidents. Through regular reviews and revisions, we continuously strengthen our safety management system. We provide employees with the "Employee Safety Knowledge and Skills Manual" to enhance their awareness of production safety protocols and improve their production skills. During the Reporting Period, we continued to use the "Occupational Health Management System" and updated the "Compilation of HSE Management System", "Compilation of Production Safety Management Systems", and "Compilation of Safety Management Systems". These updates clarified the organisational structure and related governance measures for production safety management and fire safety management, specifying provisions for risk hazard identification, hazardous chemicals safety management, contractor management, and special operations.

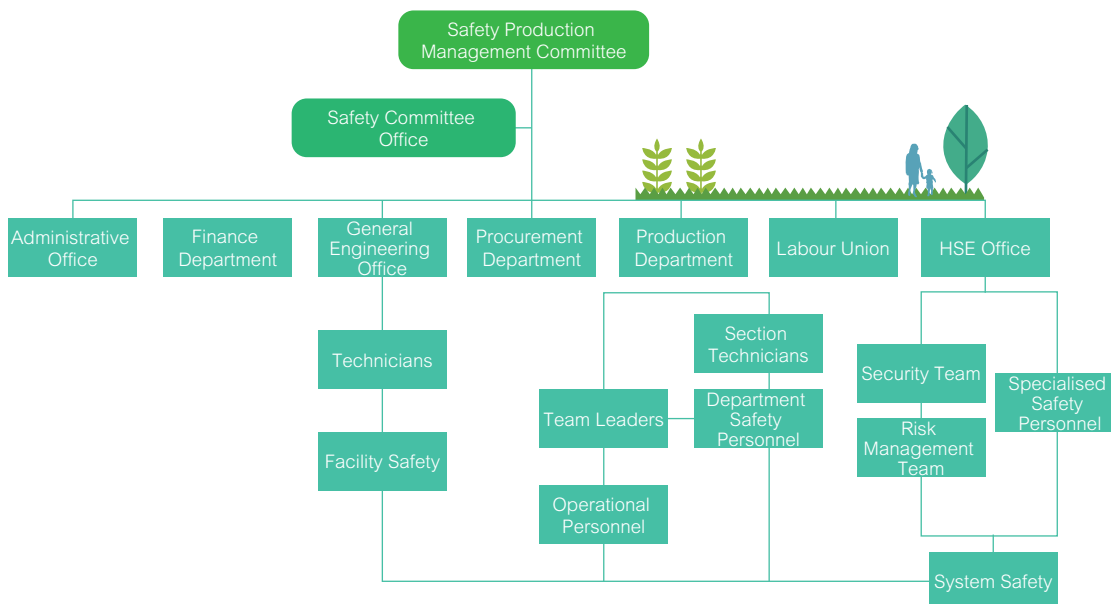
During the Reporting Period, the Group further refined its safety management framework by assigning dedicated personnel and facilitating collaboration across departments to clearly define safety responsibilities at all levels. This collective effort aimed to build a comprehensive safety protection network to address various safety hazards, enhance overall safety management, and improve emergency response capabilities. The Health, Safety, and Environment (HSE) Office is mainly responsible for timely revising the relevant rules and monitoring safety performance of each department. Every department is responsible for supervising on-site safety in its jurisdiction and the safety of personnel entering the region, reporting to the HSE Office in a timely manner. Additionally, to address potential production safety emergencies, the Group has established an emergency leadership group led by the General Manager. This group, in collaboration with various departments, conducts swift and efficient emergency rescue operations to minimise the potential harm caused by emergencies.

### Occupational Safety and Health Objectives

- Zero fatalities or serious injuries
- Zero incidents of leakage, poisoning, fire and explosion
- No special equipment liability accident
- 100% certified employees
- Zero occurrence of occupational diseases



## PEOPLE-ORIENTED






The Group has a comprehensive management system covering personnel safety, equipment safety, and operational site safety management and production safety. New employees must complete three levels of safety education and pass assessments before starting work in their positions. Operators are required to hold a “Safety Technical Operation Certificate”. Personnel involved in work that involves hazardous chemicals, electrical work, lifting, transportation, boilers, welding and cutting, pressure vessel operations, and safety production management must obtain the “Hazardous Chemical Practitioner Qualification Certificate”, “Special Operation Personnel Certificate”, and “Safety Management Qualification Certificate”. This ensures that all operations and management activities are conducted in compliance with the strictest safety regulations. Additionally, the Group regularly conducts emergency drills to test and optimise the effectiveness of established contingency plans, enhancing employees’ ability to respond to emergencies and improving the overall emergency response level.



Based on characteristics and hazardous parts of the equipment, we conducted the “2023 Major Hazard Source LNG Storage Tank Emergency Rescue Drill” at 16:30 on June 9, 2023, in accordance with the “Major Hazard Source LNG Storage Tank Fire Accident Emergency Rescue Drill Plan”.

To ensure that workers receive appropriate medical care if they get injured or fall ill, we have set up a community clinic responsible for providing daily and emergency medical services for the staff. Additionally, the Group has developed a comprehensive emergency plan and on-site handling plans for different accident scenarios, clearly defining the responsibilities of each department and personnel before, during and after an incident.

<p><b>Prevention</b></p> 	<ul style="list-style-type: none"> <li>• Include occupational hazards in project construction considerations.</li> <li>• Assess hazards and risks in the working environment.</li> <li>• Perform annual testing and identification of occupational hazard factors, and evaluate the effectiveness of occupational health control measures every three years.</li> </ul>
<p><b>Production Inspection</b></p> 	<ul style="list-style-type: none"> <li>• Strengthen workplace inspections and perform regular maintenance checks on production systems and equipment.</li> <li>• Regularly inspect and ensure that employees are proficient in the correct use of personal protective equipment and emergency equipment.</li> <li>• Improve emergency response and handling procedures.</li> </ul>
<p><b>Review Assessment</b></p> 	<ul style="list-style-type: none"> <li>• Encourage all employees to engage in safety and health initiatives and actively offer suggestions.</li> <li>• Update internal safety regulations in a timely manner based on statistical analysis of past performance in the implementation of relevant policies.</li> </ul>



### Occupational Disease Prevention

Yuan Heng Gas diligently adheres to the policy of “prioritising prevention and emergency control and comprehensive management”, while implementing meticulously the system of “company supervision, department response, hierarchical management, and regular evaluation”. General managers of each company act as occupational health management leaders, comprehensively overseeing the prevention and control of occupational hazards. The Group regularly commissions the third-party institutions to conduct on-site testing of the concentration/intensity of occupational disease hazards and to issue current status evaluation reports. These evaluations assess the effectiveness of occupational disease prevention measures and health management measures, providing a basis for the day-to-day management of occupational disease prevention.

The Group has established a comprehensive system to avoid and manage potential occupational disease hazards. The Group’s HSE Office oversees occupational health work and is responsible for supervision, management, and assessment. We report the occupational hazard prevention plan at the annual employees’ representatives meeting, and we actively listen to employees’ opinions, ensuring that relevant departments promptly address reasonable suggestions and legitimate requirements.

#### Occupational Health Management Related Systems

- Occupational Disease Hazard Prevention Responsibility Management System
- Occupational Disease Hazard Notification and Warning System
- Occupational Disease Hazard Project Declaration System
- Occupational Disease Prevention and Education Training System
- Occupational Disease Protection Equipment Maintenance and Inspection System
- Occupational Disease Protection Products Management System
- Occupational Disease Hazard Monitoring and Evaluation Management System
- Occupational Disease Hazard Incident Response and Reporting System

#### Occupational Health and Safety Prevention Measures

- An annual employee occupational health examination is conducted, ensuring prompt adjustment of work arrangements for individuals having any contra indications, effectively removing them from the source of occupational hazards.
- Prominent display of warning signs for occupational disease hazards, providing welders with necessary protective equipment, installing ventilation systems, and assigning dedicated personnel for monitoring purposes.
- Moreover, the Group reinforces occupational disease hazard training for operators, actively disseminates occupational health knowledge, urges employees to adhere to laws, regulations, and occupational disease prevention protocols, and guides them in the correct usage of occupational disease protection and personal protective equipment.
- All departments undertake occupational hazard awareness campaigns through bulletin boards, billboards, meetings, training sessions, and labelling initiatives.



For employees engaged in special operations, the Group has implemented targeted protective measures. For instance, local exhaust ventilation is installed at electric welding work sites to ensure that concentration of harmful substances in the air is below national health standards. We require employees engaged in noisy, toxic, and hazardous operations to wear personal protective equipment correctly and to have their work hours reasonably arranged to reduce exposure risks. Employees involved in hazardous operations undergo regular health examinations, and their medical reports are properly filed to continuously monitor and protect their health.

## Safety Training

To establish and maintain a safe working environment, the Group endeavors to enhance employees' safety awareness and their ability to address safety issues by organising multi-level and diverse safety training. In accordance with the "Regulations on Safety Training of Production and Operation Units (Order No. 3 of the State Administration of Work Safety)", the "Production Safety Responsibility System", the "Inspection and Maintenance and Special Operation Regulations", "Fire Protection Theory and Practical Knowledge Training", "Safety Warning Education", and the "Production Safety Law", the Group organises centralised safety education and training programmes for all employees. This initiative aims to help employees promptly identify and properly handle safety hazards in the course of actual work.

### Training implementation and participating units

- **The Office (Human Resources)** is tasked with incorporating the employee safety education and training plan into the annual overall training plan and assisting the HSE Office in organising, managing, and controlling safety training.
- **The HSE Office** is responsible for creating, executing, and evaluating the Company's annual safety education and training plan.
- **New employees** are obligated to participate in safety training.
- **Contractors** must conduct safety education and training for their workers.
- **Other relevant departments** are responsible for providing safety training, skill training, and training for employees within their respective departments.
- **Each team** is accountable for team-level safety education, skills training, and specialised safety skills training.

### Main training programmes

- **Basic and specialised training:** Induction training for responsible and full-time safety management personnel, training for new employees, regular training for those handling special operations and special equipment, and "Four New" (new processes, new technologies, new materials, new equipment) training.
- **Contractor and external personnel training:** Contractors and external personnel must undergo on-site safety education and training, facilitated by the HSE office in collaboration with the Company's docking department. The training curriculum covers the requirements outlined in national safety production laws and regulations, the Company's safety production management system, specific characteristics and nature of the Company's safety production, workplace risk factors, necessary safety precautions, prevention and emergency measures for safety production accidents, as well as self-rescue and mutual rescue protocols.





# GREEN OPERATION

Yuan Heng Gas continues to explore new paths for sustainable development, improving its environmental management system, and using more of energy-saving and emission-reduction technologies to achieve harmony between enterprise growth and nature. We remain committed to developing a low-carbon economy and enhancing our adaptability to climate change, contributing to the national “carbon peaking and carbon neutrality” goals. Additionally, to integrate sustainable development into our business operations, we allocate the necessary funds for pollution prevention in our investment plans.

## Environmental Management

The Group strictly complies with the latest national and local policies, laws and regulations. In line with the Group’s actual situation, a series of internal management systems have been formulated, including but not limited to the “Environmental Protection Responsibility System”, the “Environmental Information Disclosure System”, the “Environmental Protection Inspection and Reporting System”, and the “Responsibility System for Prevention and Control of Environmental Pollution by Solid Waste”. These systems are continuously improved to clearly define relevant management responsibilities and mechanisms.



### Environmental Protection Responsibility System

- The General Manager is the primary responsible person for the Company’s environmental protection.
- The leaders of each department are the primary responsible person for environmental protection in their respective departments and are required to understand and implement applicable laws, regulations and standards and execute the Company’s environmental management system.
- The HSE Office is responsible for organising the environmental protection managers to formulate and implement annual environmental protection work plans and management measures, and regularly reporting on the implementation.

### Environmental Information Disclosure System

- The HSE Office is responsible for collecting and disclosing environmental performance information as required.
- Disclosure of pollutants discharge information, construction and operation of pollution prevention facilities, results of environmental impact assessments of construction projects, and other environmental protection measures, besides timely disclosure of environmental emergencies and related information to the public.

### Environmental Inspection Reporting System

- The HSE Office is responsible for supervising and the operation of environmental protection facilities, “three wastes” (waste gas, waste water, and solid waste) discharge conditions, etc.
- On-site operators must conduct regular and periodic inspections and monitoring; any abnormalities should be promptly reported to supervisors for immediate action.

### Responsibility System for the Prevention and Control of Environmental Pollution by Solid Waste

- Departments responsible for collection, storage, transportation, utilization, and disposal of solid waste must take measures to prevent spillage, leakage, and pollution.
- Solid waste storage locations must be clearly marked, preventing mixing, loss, and littering; no arbitrary disposal, stacking, or burying of solid waste is allowed.

We actively discharge our environmental protection responsibilities and have established a sound environmental management system that assigns accountability to promote green development strategies from the top down. The Group's Environmental Protection Committee is chaired by the General Manager and the heads of various departments are responsible for overseeing environmental protection work. Each functional department collaborates to establish working mechanisms, strengthen regulations and guidelines for environmental management at all levels, and share environmental management experiences.



### Safety and Environment Committee

- Supervise and inspect the Company's environmental management work, promptly eliminate potential environmental pollution incidents, and report on any pollution accidents.
- Organise and review the implementation of environmental protection education and training plans for different departments and establish a clear accountability system.
- Convene regular Environmental Protection Committee meetings each year, listen to reports from functional departments, safety experts, and environmental protection departments, and study and solve major issues in the operation of the environmental management system.

We strictly implement the “three simultaneous” system for the assessment of the environmental impact of construction projects, ensuring that pollution prevention facilities are designed, constructed, and put into operation simultaneously with the main body of the project.



## Responding to Climate Change

### Climate-Related Risk and Opportunities


The Group continuously monitors the impact of climate change risks and opportunities on its business operations. We regularly review the identified climate change risks and opportunities and update the corresponding response measures. The Group plans to integrate climate risks comprehensively into the enterprise risk management process to systematically address the impacts of climate change.



Type	Description of Risks/ Opportunities	Possible Financial Effects	Response Measures
<b>Physical Risks</b>			
<b>Acute</b>	<ul style="list-style-type: none"> <li>Frequent extreme weather events, such as typhoons, heavy rain, floods, etc..</li> </ul>	<ul style="list-style-type: none"> <li>Decline in revenue due to reduced production capacity.</li> <li>Damage to operating pipelines and equipment, affecting supply capacity.</li> <li>Potential supply chain disruptions, leading to contract, credit, and legal risks.</li> <li>Impact on employee safety and production environment, increasing health risks for employees.</li> </ul>	<ul style="list-style-type: none"> <li>Implement a weather monitoring system in the factory to facilitate prompt response to extreme weather events.</li> <li>Formulate emergency plans for extreme weather events and continuously improve the emergency response mechanism for natural disasters.</li> <li>Strengthen site selection, planning, and designing to improve resilience and adaptability.</li> <li>Diversify water sources to reduce dependence on a single area.</li> </ul>
<b>Chronic</b>	<ul style="list-style-type: none"> <li>Long-term extreme high-temperature weather.</li> <li>Sea level rise.</li> <li>Average temperature rise.</li> </ul>	<ul style="list-style-type: none"> <li>Flooding of facilities may cause production interruptions or asset losses, increasing maintenance and protection costs.</li> <li>Increased frequency and intensity of extreme weather events such as heatwaves, droughts, and fire.</li> <li>High temperatures affecting production efficiency and employee health.</li> <li>Decreased demand for gas due to reduced heating needs in winter.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct risk assessments for sea level rise, identify affected facilities and areas, and develop response strategies for sea level rise, such as relocating to higher altitudes.</li> <li>Enhance cooling and ventilation measures.</li> <li>Implement response measures such as facility ventilation and cooling equipment.</li> <li>Explore diversified business models, such as integrated energy, to balance seasonal demand changes.</li> </ul>







Type	Description of Risks/ Opportunities	Possible Financial Effects	Response Measures
<b>Transition Risk</b>			
<b>Policies and Laws</b>	<ul style="list-style-type: none"> <li>• More stringent government regulations and policies.</li> <li>• Restrictions on the use of fossil fuels in business.</li> </ul>	<ul style="list-style-type: none"> <li>• Stricter regulatory requirements for environmental information disclosure lead to increased compliance costs.</li> <li>• Price fluctuations in carbon trading may also increase the cost of emissions reduction investments.</li> <li>• Effective management of environmental performance to ensure compliance, since otherwise may face litigation risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Closely monitor policy developments and actively participate in the formulation of industry-related policies.</li> <li>• Invest in clean technologies and energy efficiency improvements to reduce carbon emissions.</li> <li>• Consult with advisors on compliance policies and procedures, and timely resolve potential litigation risks.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Low-carbon transformation costs, including equipment procurement and upgrading of equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased investment in the development of energy-saving and emission-reduction technologies will increase labour and capital costs.</li> <li>• Exploration and development of digital technologies will bring additional capital and labour costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct research on green and low carbon technologies and collaborate with research institutions and universities.</li> <li>• Promote digital transformation to enhance the intelligence level of production management.</li> </ul>
<b>Marketplace</b>	<ul style="list-style-type: none"> <li>• Changes in consumer demand.</li> <li>• Increase in cost of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased demand from the market and downstream customers for green and low-carbon energy solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote energy supply models that integrate renewable and various clean energy sources.</li> </ul>
<b>Reputation</b>	<ul style="list-style-type: none"> <li>• Increased stakeholder concern or negative feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to meet emission reduction commitments or the occurrence of severe emission incidents may damage the Company's reputation and brand image.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the internal carbon emission management framework, regularly review emission reduction progress, and disclose it externally.</li> <li>• Actively engage in communication and dialogue with stakeholders and the public.</li> </ul>



## GREEN OPERATION

At the same time, climate change also brings new development opportunities for enterprises. We actively explore new technologies and new models, and actively embrace the opportunities for clean energy development brought by the low-carbon transition.



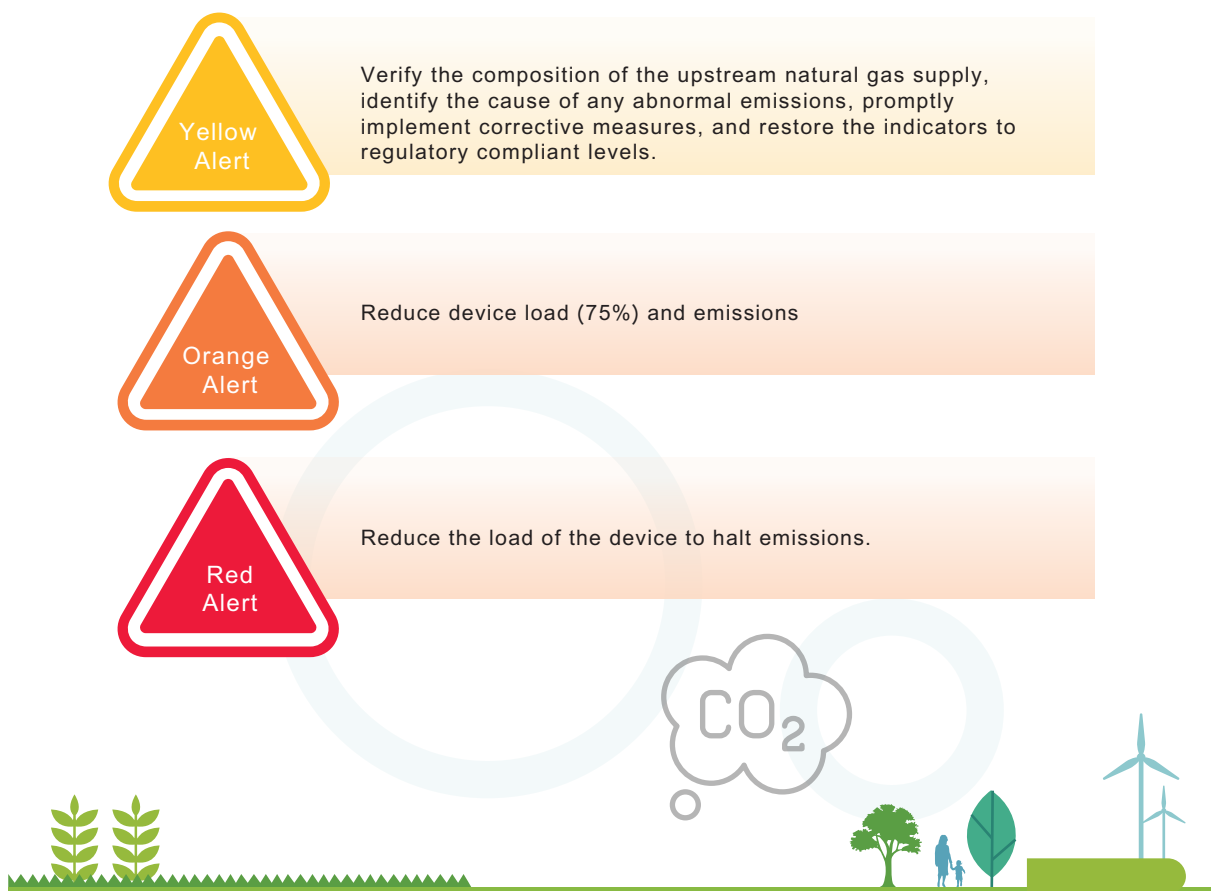
Climate-related opportunities	Opportunity description	
<b>Energy Sources</b>	<ul style="list-style-type: none"> <li>Use of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Increase the use of renewable energy and reduce reliance on traditional energy sources.</li> <li>Promote clean production technologies and provide clean energy products.</li> <li>Reduce company operating costs and increase social benefits.</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Improve energy use efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Use low-energy consumption equipment and develop energy-saving process technologies to improve energy efficiency in business operations, effectively reduce operating costs, and enhance corporate competitiveness.</li> <li>Expand the development and use of clean energy, green power procurement, etc., to help reduce energy costs.</li> </ul>
<b>Products and Services</b>	<ul style="list-style-type: none"> <li>Low-emission products</li> </ul>	<ul style="list-style-type: none"> <li>Increase revenue by meeting user demand for low-carbon energy products.</li> </ul>



## Action on Climate Change

The Group has integrated the “carbon peak and carbon neutrality” objectives with its development plan. The Group has established a Climate Change Policy to promote various energy-saving and emission reduction measures, set carbon emission reduction targets, and identify and manage climate change risks and opportunities. This is aimed at adapting to and mitigating the impact of climate change on our business. To address the increasing risks of climate change, the Group has designed and implemented special work arrangements and preventive measures, to be activated under adverse or extreme weather conditions. In the event of extreme weather, such as high or low temperatures with rain, snow, and freezing conditions, we assess the severity of the situation and guide department leaders to collaborate with their subordinate employees and take appropriate actions according to the corresponding emergency plans and policies to ensure the safety of personnel and company property.

Considering the characteristics of our business operations, and avoiding significant impacts of climate change, three levels of warnings and corresponding countermeasures have been defined:



## Energy Consumption

We are committed to continuously reducing the energy consumption at our project operations, strictly complying with the Measures for the Administration of Energy Conservation of Key Energy-consuming Units promulgated by the National Development and Reform Commission, formulating energy management policies, and establishing corresponding responsibilities for various levels of energy-saving supervision institutions. In 2023, we continued to apply various technologies and strategies to improve energy utilisation efficiency, including phasing out outdated motors, scientifically planning energy use, and enhancing energy management levels.

To improve energy management efficiency, Xingxing Energy has established an energy-saving and emission reduction working group, which is led by the General Manager. The working group is responsible for formulating major strategies, policies, and guidelines for energy-saving and emission-reduction work, uniformly arranging and deploying energy-saving and emission reduction work, regularly holding energy-saving meetings, coordinating and solving operational problems, and jointly promoting the achievement of energy management goals.

During the reporting period, the total energy consumption of the Group was 919,756.19 gigajoules, a decrease of 1.37% compared to 2022; the energy consumption intensity was 2.67 GJ per tonne of liquefied natural gas, a year-on-year decrease of 1.37%.



Total Energy Consumption (Unit: GJ)					
	2023/24		2022/23		
	Xingxing Energy	Huixin Energy	Xingxing Energy	Huixin Energy	Hua Heng Energy
Energy Consumption	494,003.99	425,752.20	472,205.94	459,976.07	328.53

## Greenhouse Gas Emissions

During the reporting period, we further standardised the norms and methods for greenhouse gas emissions in accordance with the “Guidelines for Accounting, Distribution and Reporting of Greenhouse Gas Emissions of China Petroleum and Natural Gas Production Enterprises” and Greenhouse Gas Protocol and other accounting guidelines. We regularly calculate the greenhouse gas emissions at each operational site.

The greenhouse gas emissions generated by the Group’s business operations include direct emissions from fuel consumption of factories and vehicles (Scope 1) and indirect emissions from electricity usage (Scope 2). During the reporting period, the total greenhouse gas emissions were 139,569.67 tonnes of carbon dioxide equivalent, with Scope 1 emissions being approximately 32,154.03 tonnes of carbon dioxide equivalent, and Scope 2 emissions being approximately 107,415.64<sup>1</sup> tonnes of carbon dioxide equivalent, with emission intensity of 0.41 tonnes of carbon dioxide equivalent per tonne of liquefied natural gas. The greenhouse gas emissions mainly come from electricity usage, accounting for about 77% of the total greenhouse gas emissions.

<sup>1</sup> According to the “Guidelines for Accounting and Reporting of Enterprise Greenhouse Gas Emissions for Power Generation Facilities (2022 Revised Edition)” issued by the Ministry of Ecology and Environment of the People’s Republic of China, the average emission factor of the national power grid in 2022 is 0.5703tCO<sub>2</sub>/MWh



To actively promote greenhouse gas emissions reduction policies, the Group has set this year’s emissions reduction targets based on previous greenhouse gas emissions. The greenhouse gas emissions from the Group’s production facilities are mainly attributable to oil and gas business emissions, flare burning and fossil fuel burning. The emissions from the oil and gas business are constrained by upstream gas supply units due to the company’s oil and gas processing business’s greenhouse gas emissions, as well as its complex gas composition and large fluctuations in component content, making it impossible to set emission targets. Components that affect gas quality are complex and fluctuate greatly, making it impossible to set emission targets. For the flare burning part, to ensure that the exhaust gas can be fully burned under accident conditions, the flare must be kept in a constantly burning state, making emissions reduction unfeasible. For the fossil fuel part, the planned emission reduction this year is 150,000 cubic metres, including 90,000 cubic metres of recovered amine flash tank (V-102) gas evaporation reduction and 60,000 cubic metres of gas recovered from heavy hydrocarbon separator (V-504). By the end of the reporting period, this emission reduction target had been successfully achieved.



Greenhouse Energy Emissions (Unit: Tons of Carbon Dioxide Equivalent)					
	2023/24		2022/23		
	Xingxing Energy	Huixin Energy	Xingxing Energy	Huixin Energy	Hua Heng Energy
Scope 1	17,835.01	14,319.02	15,493.90	15,778.80	17.89
Scope 2	58,996.60	48,419.04	56,325.78 <sup>2</sup>	52,215.24	17.68

## Emissions Management

The Group strictly complies with the “Environmental Protection Law of the People’s Republic of China” and other relevant laws and regulations, continuously improves its internal emissions management system, and accelerates the promotion of green and high-quality development of the enterprise. The Group continues to strengthen exhaust gas management, continuously increases investment in technological innovation, and implements atmospheric pollution prevention strategies and plans. Additionally, the subsidiaries regularly test pollution sources and accurately control emissions at each operational site. The Group’s air pollutants mainly come from the production process. All air pollutants generated during the production process are burned in the flare system. The gases produced mainly include carbon dioxide, water vapour, and a small amount of nitrogen oxides, which do not affect the surrounding environment.

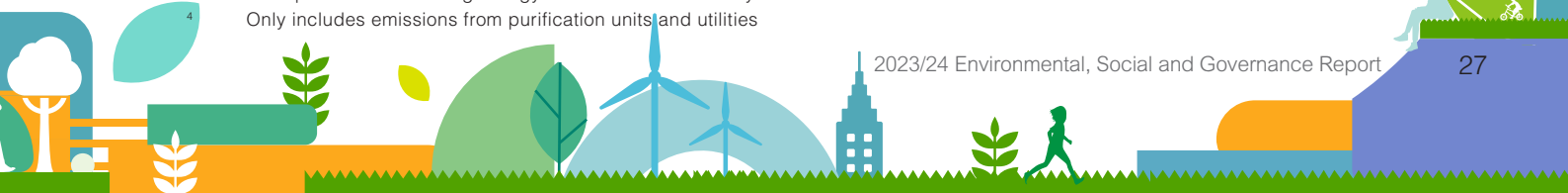


Air Emissions (Unit: KG)					
	2023/24		2022/23		
	Xingxing Energy	Huixin Energy	Xingxing Energy	Huixin Energy	Hua Heng Energy <sup>3</sup>
Nitrogen oxides — Stationary Pollution Sources <sup>4</sup> (Factory Exhaust)	3,296.95	2,102.00	2,582.46	2,143.00	/
Nitrogen oxides-mobile sources (vehicle exhaust)	17.92	8.89	16.98	24.18	7.35
Sulfur oxides	0.18	0.15	0.17	0.20	0.07
Particulate matter	1.39	0.65	1.32	2.14	0.64

<sup>2</sup> Revised Scope 2 Greenhouse Gas Emissions Data for Xingxing Energy for 2022/23

<sup>3</sup> The operation of Huaheng Energy does not involve factory exhaust emissions

<sup>4</sup> Only includes emissions from purification units and utilities



## Water Resources Management

The Group strictly complies with the “Water Pollution Prevention and Control Law of the People’s Republic of China” and other national laws, regulations, and local policies, continuously promotes water resource conservation, and adopts active water-saving measures to improve water resource management and utilisation efficiency.

Xingxing Energy has implemented an innovative circulating water management strategy in the plant area, effectively recycling and reusing wastewater generated during production and in daily life usage through a highly integrated water circulating system. This system not only reduces the consumption of freshwater but also ensures the stability and quality of circulated water through advanced means such as the addition of scale inhibitors and bactericides.

Moreover, Huixin Energy adopts a wastewater reuse model, widely applying treated domestic and production wastewater for winter storage and summer irrigation, as well as for greening projects within the plant area, continuously improving the efficiency of water usage in the plant area. On this basis, we continue to explore more and newer energy conservation, emission reduction, and water-saving efficiency enhancement techniques, continuously seeking and implementing more efficient water resource management strategies through regular water-saving diagnosis and evaluation.



Water consumption (Unit: m <sup>3</sup> )					
	2023/24		2022/23		
	Xingxing Energy	Huixin Energy	Xingxing Energy	Huixin Energy	Hua Heng Energy
Groundwater	247,138	/	269,300	/	/
Municipal water supply	/	235,196	/	238,047	149
Total		482,334			507,496



## Waste Management

### Solid Waste

The Group consistently adheres to the fundamental principles of “source classification and resource utilisation”. For disposal of all types of waste, we strictly comply with the relevant laws and regulations of the countries and regions where our business operations are located, ensuring compliant disposal of waste. We continuously strive to improve the identification procedures for hazardous waste, and are committed to continuously reducing generation of hazardous waste and its related environmental impacts.

We adopt strict management systems for solid waste and regularly conduct clean production audits, carrying out rigorous diagnostics of the production process and formulating clear waste reduction plans to minimise the impact of solid waste on the environment. Additionally, the Group requires units generating solid waste to promptly record quantitative data, flow, storage methods and disposal methods of solid waste, and report to the HSE office monthly. During the reporting period, our operations generated approximately 21 tonnes of non-hazardous waste and 24.16 tonnes of hazardous waste<sup>5</sup> and all of this waste was disposed of by qualified third-party companies.



Solid Waste (Unit: tonnes)		
	2023/24	2022/23
Hazardous waste	24.16	51.77
Hazardous waste production intensity (tonnes/production volume of LNG per thousand tonnes)	0.07	0.15
Non-hazardous waste	21.00	22.00
Non-hazardous waste production intensity (tonnes/production volume of LNG per thousand tonnes)	0.06	0.06

<sup>5</sup> The hazardous waste generated by the Group mainly includes waste lubricants (oil) generated during inspection and maintenance (replacement), waste molecular sieves used for natural dehydration, and waste MEA solution used for removing CO<sub>2</sub>.



# GREEN OPERATION

## Wastewater

The Group strictly complies with the “Regulations on Urban Drainage and Sewage Treatment”, the Regulation on the “Administration of Permitting of Pollutant Discharges” and other relevant laws and regulations and has formulated and implemented the “Sewage Treatment Facilities Operation Management System”, standardising wastewater treatment and discharge requirements. This includes standardised wastewater handling and treatment procedures, and regularly reviewing its business and production processes to ensure compliance with sewage discharge standards.

Wastewater generated mainly comes from domestic sewage produced in office buildings and employees living areas, as well as cooling water and sewage generated during the production process. Water used for cooling is relatively less polluted and is directly discharged into the park’s rainwater pipe network. The sewage mainly includes a small amount of oily wastewater generated during equipment cleaning and maintenance, which is treated in septic tanks and discharged into the municipal sewage pipe network along with the production wastewater. We view wastewater management as a serious responsibility and aim to reduce reliance on freshwater while minimising external discharge of wastewater. During the reporting period, the Group generated a total of 211,816 tonnes of wastewater, with the Ordos plant and Dazhou plant generating 56,156 tonnes and 155,660 tonnes of wastewater, respectively.



Wastewater (Unit: tonnes)					
	2023/24		2022/23		
	Xingxing Energy	Huixin Energy	Xingxing Energy	Huixin Energy	Hua Heng Energy
Wastewater	56,156	155,660	54,092	157,549	144



## Green Office

The Group has incorporated the concept of green environmental protection in its work practices. The Group encourages employees to engage in environmental protection in daily operations. Through extensive publicity, education, and training activities, we strive to raise employees' awareness and consciousness of energy conservation and environmental protection, encouraging them to conserve electricity, conserve water, and reduce waste generation at work.

Moreover, the Group is committed to building a green office, adopting energy-saving equipment, optimising resource utilisation, and achieving green, low-carbon, and sustainable development. Requirements of laws and regulations such as the "Energy Conservation Law of the People's Republic of China" and the "Cleaner Production Promotion Law of the People's Republic of China" have been taken into account for formulation of detailed regulations such as the "Company Water, Electricity, and Gas Usage Management Regulations" and the "Trial Measures for the Management of Office Paper", which help minimise damage to the environment through a series of measures.

<b>Water and Electricity Conservation</b>	<ul style="list-style-type: none"> <li>• During the day, the office does not turn on lights, and uses natural light as much as possible;</li> <li>• The lights in public corridors and restrooms are turned on and off as needed; Computers, printers, water dispensers, and other electrical appliances are turned off and the power is cut off before leaving the office;</li> <li>• Water taps are run on slower flow, and turned off immediately after use. The water supply equipment is frequently checked to avoid waste.</li> </ul>
<b>Paperless Office</b>	<ul style="list-style-type: none"> <li>• Printing of draft documents is reduced as much as possible;</li> <li>• Subject to confidentiality, double-sided use of paper is advocated;</li> <li>• Circulation of documents is maximised to reduce photocopying;</li> <li>• Materials are modified as much as possible on computers to reduce repeated printing.</li> </ul>
<b>Reducing Travel</b>	<ul style="list-style-type: none"> <li>• Reduce the number of meetings and official receptions. Following the principles of "simplification, efficiency, and economy", meetings that can be avoided are canceled, and the number of participants and duration of necessary meetings are shortened. For cross-regional meetings, video and telephone conferencing are adopted.</li> <li>• The use of vehicles is minimised, and for external meetings, staff go together to reduce vehicle usage.</li> </ul>

Rational and efficient use of resources is an indispensable step toward sustainable development. The Group puts heavy emphasis on efficient resource consumption and the resulting environmental impact of operations of each unit, actively advocating and promoting green office, and striving to implement energy conservation and environmental protection in daily operations.





# SUSTAINABLE SUPPLY CHAIN

The Group has always adhered to the principle of “quality first, user first, and win-win cooperation”. Through continuous optimisation of supply chain management, strengthening customer service, and ensuring product safety and reliability, the Group strives to not only provide high-quality energy services to its customers but also actively fulfil its corporate social responsibility and promote sustainable development of the entire industry. As a leading sustainable clean energy company in China, the Group is committed to integrating the concept of sustainable development into its supply chain management, striving to enhance the environmental, social, and governance performance of the suppliers, to achieve long-term sustainable development of the industrial chain.


## Supplier Management

The Group continuously focuses on sustainable supply chain management, to maintain stability and sustainability of the supply chain, drive the long-term sustainable development of the industrial chain, and strengthen transparency and accountability. The Group has established internal policies, and their key contents are shown in the figure below. The Group evaluates and assesses the overall qualifications and credit performance of suppliers based on internal policies and documents shown in the figure, providing guidance and a detailed plan for selection and evaluation of suppliers.

<b>Procurement Management System</b>	<ul style="list-style-type: none"> <li>Regulates the Company’s procurement process, reducing procurement costs and improving procurement efficiency</li> <li>Defines the responsibilities of the departments involved in procurement</li> </ul>
<b>Supplier Performance Evaluation Form</b>	<ul style="list-style-type: none"> <li>Periodically evaluates the performance of suppliers to ensure integrity of the supply chain</li> </ul>
<b>Supplier Risk Periodic Evaluation Form</b>	<ul style="list-style-type: none"> <li>Evaluates the quality, delivery time, price, and service of suppliers</li> </ul>
<b>Supplier Directory, Qualification Approval, Selection and Reuse, Evaluation and Risk Identification Form</b>	<ul style="list-style-type: none"> <li>Regularly evaluates the supplier’s qualification approval status, selection and reuse status, risk assessment status, and evaluation of qualifications status to help the Group effectively assess the supplier’s performance</li> </ul>
<b>Supplier Risk Management</b>	<ul style="list-style-type: none"> <li>Improve the stability of the supply chain and reduce the risks of suppliers in terms of quality, cost, delivery, technology, and service</li> <li>Establish a risk assessment process</li> <li>Locate sources of risk and define the responsibilities of the risk assessment team</li> </ul>
<b>Contractor Directory, Qualification Approval, Selection and Reuse, Evaluation and Risk Identification Form</b>	<ul style="list-style-type: none"> <li>Regularly evaluates the contractor’s qualification approval status, selection and reuse status, risk assessment status, and evaluation qualification status to help assess the contractor’s performance</li> </ul>
<b>Supplier Environmental Identification and Social Risk Response</b>	<ul style="list-style-type: none"> <li>Clearly define the categories of supplier environmental identification and risk response measures</li> </ul>

In addition, the Group collects information on relevant supplier risk factors through the “Supplier Performance Evaluation Form”, the “Supplier Risk Periodic Evaluation Form”, and “Supplier Risk Management”, which constitute risk avoidance measures and help subsequent investigations. This reduces the risks suppliers might cause in terms of quality, cost, delivery period, technology, and service, thereby improving the overall stability and competitiveness of the supply chain in the industry. Furthermore, the Group reviews the quality control level of all upstream suppliers, then proceeds to score and rate them to ensure efficient daily operations.

The Group recognises the importance of managing environmental and social risks in the entire supply chain. To manage suppliers more effectively, the Group has incorporated environmental and social performance of suppliers into its supplier evaluation process, in order to ensure that the business conduct of suppliers is consistent with its environmental and social responsibility policies and code of conduct. Through cooperative efforts with suppliers, the Group aims to create a more environmentally friendly and socially responsible business ecosystem.



ENVIRONMENTAL FACTORS	SOCIAL FACTORS
Environmental management certification	Qualified Materials
Emission compliance	Quality and Price
Compliance with hazardous substance content standards	Special commodity operation license
Non-compliance and penalties	Payment methods

As of 31 March, 2024, the Group had a total of 249 suppliers that directly provide products or services, of which 128 belong to Xingxing Energy and 121 belong to Huixin Energy. All suppliers are located in mainland China.

### Supplier Engagement

The Group has established an efficient model for two-way communications with suppliers to ensure smooth exchange of information. The Group communicates with suppliers through multiple online and offline channels such as phone calls and on-site visits, helping them to understand promptly and learn the Group's latest policy requirements to ensure stable gas supply, and promote long-term and stable cooperation. For projects that require bidding, the Group communicates with suppliers through methods such as bidding negotiations, meetings, site visits, phone calls, online platforms, and written correspondence.

### Green Procurement

To reduce the negative socio-environmental impact of our supply chain, we have implemented green procurement practice to achieve sustainability goals. The Group reviews environmental protection and other pollution prevention measures and prioritises procurement of raw materials from suppliers that minimise environmental impact. According to the national environmental protection requirements for enterprises and the internal "Procurement Management System", suppliers are required to provide corresponding environmental protection audit qualification documents. The Group manages procurement, inspection, storage and distribution and eliminates suppliers that fail to meet its standards. This ensures the quality, safety and stability of upstream suppliers. For suppliers at the same supply level, the Group prioritises those with environmental certifications or those that can provide environmentally friendly and recyclable products and services.

In addition, the Group advocates paperless office operations in the procurement process and encourages online communication with suppliers. In the packaging process, recyclable, easy-to-disassemble and reusable packaging is encouraged, in order to reduce the waste generated. The Group also encourages the use of electronic contracts to replace paper contracts to save paper and courier costs.

# PRODUCT RESPONSIBILITY

## Quality Management Guarantee Mechanism

The Group is committed to providing high-quality and safe natural gas to its customers. We strictly abide by the laws and regulations related to quality management<sup>6</sup> and have established a three-level quality management guarantee mechanism, to systematically improve our gas operations, including transmission and distribution services from the perspectives of procurement control, preventive measures, human resources, nonconforming product control, risk and opportunity response control, technical inspection, production safety, etc., to ensure stable and high-quality gas supplies.

### Level 1

#### Quality System Manual

The "Manual of Mobile Pressure Vessel Filling Quality System" specifies the Group's quality policy and objectives, clarifies the quality system, determines job responsibilities, management systems and operating procedures, provides a reference for safety and quality management and activities, and is the basic principle for implementation of mobile pressure vessel filling.

### Level 2

#### Procedural Documents

Through the system process and operating procedures, the Group implements information tracking and quality service control, monitoring and measurement equipment control, internal audit control, process and product monitoring and measurement control, risk and opportunity response control, and establishes a comprehensive internal control mechanism to ensure the effective operation of the quality management system.

### Level 3

#### State Supporting Documents

Guided by various national and local laws, regulations and management procedures, such as the "Rules for Regular Inspection of Pressure Pipelines – Industrial Pipelines" and the "Regulations for Safety and Technical Supervision of Mobile Pressure Vessels" promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC, the Group continued to improve the establishment of internal systems and procedures.

*Three-level quality management guarantee mechanism*

<sup>6</sup> For laws and regulations related to quality management, please refer to the section headed "Laws and Regulations".

To ensure the quality and safety of filling of mobile pressure vessels, the Group has set the following quality objectives:



### Quality Management Measures

The production technology department is responsible for daily supervision, inspection and assessment of the quality control system, requiring all departments and teams to control process indicators in accordance with product standards, technical requirements and technical quality management. They are required to cooperate with established quality inspection systems such as the off-site natural gas pipeline safety inspection system, electrical equipment maintenance and repair procedures, pipeline inspection and maintenance management system, etc., and to regularly inspect and repair mechanical equipment, ensure timely discovery and elimination of potential quality risks and safety hazards in the production process, and fully guarantee safety and quality in the production, transmission and distribution of natural gas.

## PRODUCT RESPONSIBILITY

The quality of gas supply is the top priority for the management. We regularly monitor and inspect key aspects of natural gas quality. The Group strictly complies with the GB/T 38753-2020 execution standard. The Group randomly selects samples from the manufacturers and sellers once a year. A total of 6 categories are inspected, and only items that pass the inspection are considered qualified. To ensure that the natural gas sold meets the corresponding national standards, we specify in the Natural Gas Sale and Purchase Contract signed with the customers that the inspection report of the natural gas sold will be provided to the customer regularly during the contract period.

- 
-  *Real-time monitoring of air quality components and product quality in accordance with the central control system*
  -  *Test the quality of raw materials, gas and products on a daily basis*
  -  *Daily communication with downstream customers about product usage*
  -  *The upstream gas supplier will provide a component report of raw gas every ten days*
  -  *Regular annual inspection of testing centres with national audit qualifications and product quality reports*



### Quality Inspection Standards

GB/T 38753-2020 is a liquefied natural gas testing standard issued in 2020 by the State Administration for Market Regulation and the National Standardization Management Committee. The Group strictly follows the inspection standards of GB/T 38753-2020 when testing Methane Molar Fraction, C4+ Alkanes Molar Fraction, Carbon Dioxide Molar Fraction, Nitrogen Molar Fraction, Oxygen Molar Fraction, Total Sulfur Content (calculated as sulfur), etc., to ensure the accuracy of the inspection results.



Serial Number	Inspection Item	Inspection Standard	Method
1	Methane Molar Fraction	GB/T 38753-2020	GB/T 13610-2020
2	C4+ Alkanes Molar Fraction		GB/T 13610-2020
3	Carbon Dioxide Molar Fraction		GB/T 13610-2020
4	Nitrogen Molar Fraction		GB/T 13610-2020
5	Oxygen Molar Fraction		GB/T 13610-2020
6	Total Sulfur Content (calculated as sulfur)		GB/T 11060.4-2017 GB/T 11060.8-2020

### Protect Customer Rights and Interests

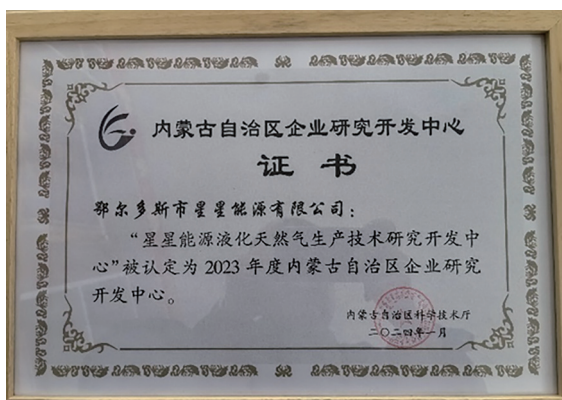
Yuan Heng Gas adheres to the business philosophy of “quality first, user first and win-win cooperation”, and strives to focus on actively building a comprehensive and systematic quality control system from natural gas production to transmission and distribution through the establishment of standardised management systems and procedures. In the production and operation process, customer-oriented principles, focusing on “Three Full” management practices that cover the full life cycle of customers, a full pipeline of customer service, and a full life cycle of key equipment, help improve the customer service experience. The products and services of the Group have been widely recognised in the industry for their reliability and sense of responsibility, winning the trust and support of many customers. With continuous stable product quality and high-quality service, Yuan Heng Gas continues to receive positive feedback and praise from customers.



## PRODUCT RESPONSIBILITY

### Intellectual Property Management

Innovation is an important driving force for the sustainable development of an enterprise. In order to standardise the intellectual property management mechanism and encourage innovation and creativity, while maintaining strict compliance with national and local intellectual property laws and regulations, the Group has established the “Intellectual Property Management System” and the Intellectual Property Management Department, together with subordinate management positions such as patents, trademarks and trade secrets, to jointly improve intellectual property management. Any person who is found to have infringed the Group’s intellectual property rights is directly held accountable for the economic effects of the act and is reported to the judicial authorities when required.



*Xingxing Energy LNG Production Technology Research and Development Centre has been recognised as an Inner Mongolia Autonomous Region Enterprise Research and Development Centre for the year 2023*



*Xingxing Energy (Ordos) has obtained the certification as a high-tech enterprise*

### Privacy Protection

In terms of privacy security, the Group enters into confidentiality agreements with personnel involved in technical and trade secrets and consumers. Through strict control, the Group avoids leakage of important information and maintains information security.

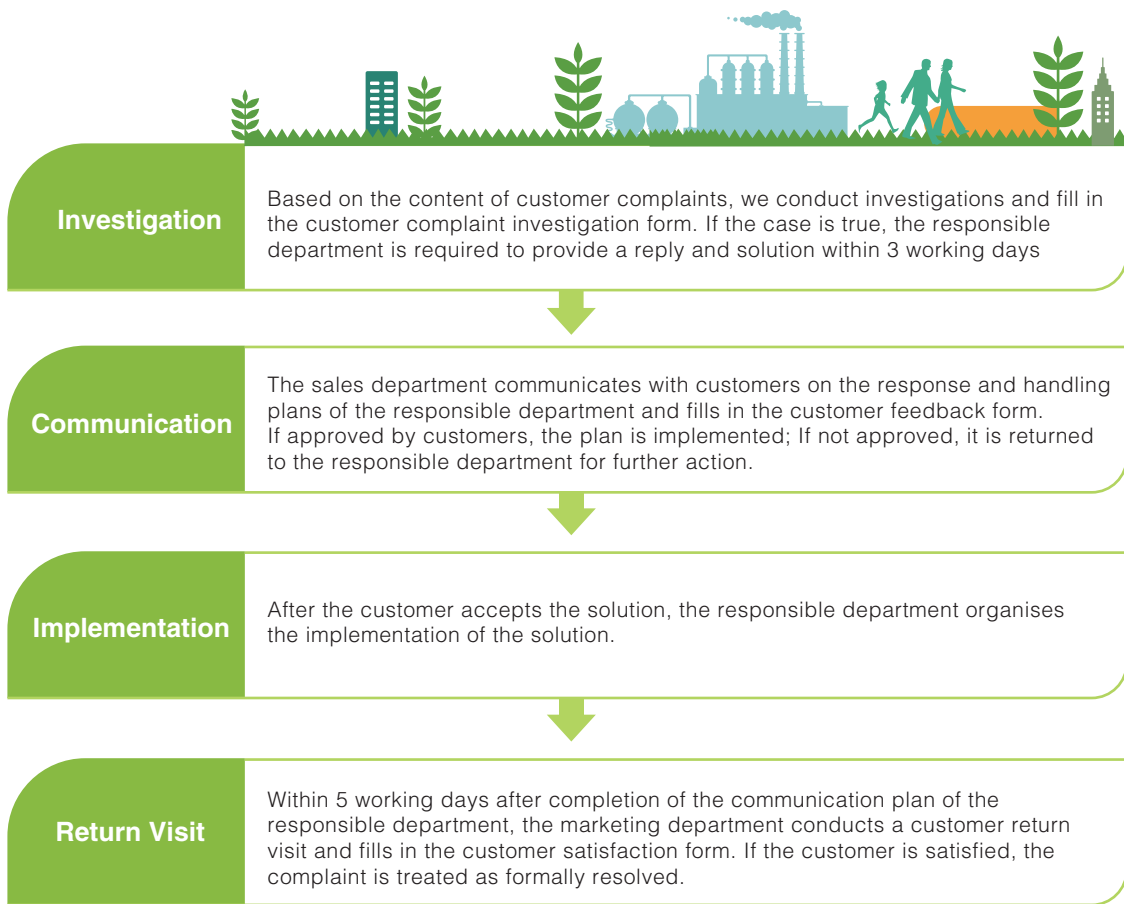




### Customer Complaint

The Group attaches great importance to customers’ opinions and feedback, and follows up and handles customers’ complaints promptly through the “Customer Complaint Handling System and Procedures”, aiming to provide customers with satisfactory services and establish a good brand image. After receiving a complaint, the sales department keeps a proper record of the customer complaint and replies to the customer within 5 working days. It is then handled according to the investigation, communication, implementation and return visit process until the customer is satisfied.

During the Reporting Period, the Group did not receive any complaints about products and services, nor did it violate any laws and regulations that have a significant impact on the Group in respect of occupational health and safety, advertising, labelling and privacy matters relating to products and services provided.



*Customer complaint handling procedures*





# BUSINESS ETHICS

The Group continuously improves its compliance management and risk control capabilities, promoting a risk management culture while ensuring a balance between business objectives and risk control. Simultaneously, the Group constantly improves its internal control system, actively fosters a clean and positive work environment, regulates the professional behaviour of both management and ordinary employees, implements various systems, and maintains compliance bottom lines.

## Anti-Corruption

The Group strictly adheres to the “Criminal Law of the People’s Republic of China”, the “Supervision Law of the People’s Republic of China”, the “Interim Provisions on Prohibition of Commercial Bribery”, and other relevant laws and regulations. It has established an anti-corruption supervision system, and resolutely prevents illegal acts such as bribery and corruption. It actively establishes anti-corruption organisations and institutions, formulates anti-corruption mechanisms, and increases anti-corruption publicity.

## Anti-Corruption System Building

### Organisational construction

- The anti-corruption leadership group is responsible for supervising and managing anti-corruption-related work, including the implementation of national anti-corruption laws, regulations and policies, analysing anti-corruption schemes, formulating anti-corruption emergency policies, organising the relevant work, and summarising anti-corruption work.

### System construction

- “Anti-corruption management system”
- “Anti-corruption, Anti-Fraud, and Anti-Money Laundering Management System”
- “Anti-corruption pledge”
- “Preventive measures and reporting procedures for anti-corruption”

### Anti-corruption Implementation

- Various departments promote the importance of integrity and public service to employees through diverse forms of anti-corruption publicity, enhancing employees’ awareness of legal compliance.
- Strengthen the review of major projects and economic activities, including the bidding process, and conduct risk assessments of project implementation plans.
- Strengthen the internal and external supervision and management of daily business operations and transactions of enterprises. If it is found that business personnel violate the integrity contract, cooperation is terminated in a timely manner and evidence is retained.



### Anti-Corruption Training

The Group holds an anti-corruption training event once a year and updates employees regarding relevant legal content. The training is generally conducted in the form of presentations and discussions, the content includes:



#### Materials Management

Implement plans for the management of materials required by each department, and major procurement plans need to be reported to the Group management

#### Procurement Funds Planning

Materials procurement and facility maintenance of various types of companies are carried out in accordance with the Company's procurement management system and economic law

#### Fair Bidding

No cross-linking violation of the tendering system, no violation of professional ethics, and the supplier should issue a real and effective value-added tax invoice

#### Performance Obligations

Strictly perform the obligations of both parties in the contract and affix legal seals to all contracts

#### Verification of Customer Information

Check the authenticity of materials provided by customers, pay fees after financial review and file important information

#### Laws and Responsibilities Related to Corruption

Clear identification of corruption and related laws, regulations and responsibilities



## Whistle-Blowing System

A good operating environment is inseparable from the Group's rules and regulations and supervision of employees. The Group has created a "Whistle-blowing Policy" and a "Whistle-blower Protection System" in accordance with the "Basic Norms of Corporate Internal Control", based on the actual situation. These policies aim to provide a confidential, secure and simple environment for whistle-blowers to report any significant issues regarding operations or any discovered violations in a confidential manner. The Group encourages employees to report violations, which include but are not limited to corruption, bribery, theft and abuse of power.

Employees can report such acts to the Group management with their real name or anonymously through the reporting box, reporting hotline, or mail. The acceptance, investigation and other aspects of the report are kept strictly confidential by prohibiting disclosure of the individual's name and department. The reporting materials are not disclosed to the accused. All cases are to be submitted in writing to the Board for review and filing. Within 7 working days of receiving a whistle-blower's report, the Group responds, to the extent reasonably practicable, by notifying the whistle-blower in writing/or in person that the report has been received, confirming that an independent investigation will be conducted without delay.





# COMMUNITY COMMITMENT

With the belief of “Doing the most perfect thing with the kindest heart”, the Group actively participates in rural revitalisation efforts. We provide equipment and financial support to rural schools. We meet the living needs of villagers by donating supplies, and we satisfy their spiritual needs by organising and sponsoring cultural activities. These multiple measures work together to contribute to rural revitalisation. In addition, Yuan Heng cares for disadvantaged groups by donating funds to people with disabilities, increasing their sense of happiness. During this reporting period, Yuan Heng Gas invested a total of 560,500 yuan in public welfare activities and contributed 285 volunteer service hours.

## Warmth to the Rural Area

The Group actively implements the directives of the Central Committee of the Chinese Communist Party and the State Council on consolidating the achievements of poverty alleviation and rural revitalisation. Through targeted assistance, the Group fulfils its corporate social responsibility. We donated daily necessities, including rice, beef and lamb, worth a total of 142,300 yuan to Wudinghe Town and Shuiqingwan Village during the year. This donation is aimed at improving the living standards of villagers, supporting rural revitalisation, and enhancing general happiness in the community.

## Promote Education

Yuan Heng Gas actively contributes to society by donating books and other means to promote local educational equity. In July 2023, Huixin Energy donated comprehensive books to Jinya Town Central School in Dazhou High tech Zone.

## Giving Back to Society

Yuan Heng Gas actively cooperates with social and charitable organisations to thoroughly implement the “Charity Law of the People’s Republic of China” and the “Sichuan Province Charity Regulations”. The Company cares about, supports, and participates in charitable activities, promoting traditional virtues of the Chinese nation, in order to help in poverty alleviation. In September 2023, Huixin Energy donated 100,000 yuan to the Dazhou Charity Association.

## Caring for Nature

Following the “Wushen Banner People’s Government’s Notice on Carrying Out the 2023 Spring Afforestation and Greening Activities in Coal Mining Areas and Enterprises Above a Certain Scale”, the Company planted 1,998 Siberian elms, covering a total of 37 acres. This effort contributes to the forestry ecological construction of the entire banner.

# LAWS AND REGULATIONS

The Group strictly complies with the following laws and regulations and has formulated internal management policies and guidelines based on the relevant laws and regulations.

Aspects	Applicable Laws and Regulations	Compliance Statement
Environmental	<ul style="list-style-type: none"> <li>• <b>Environmental Protection Law of the PRC</b></li> <li>• <b>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</b></li> <li>• <b>Water Pollution Prevention and Control Law of the PRC</b></li> <li>• <b>Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</b></li> <li>• <b>Energy Conservation Law of the PRC</b></li> </ul>	Yuan Heng Gas strictly complies with national and local environmental protection laws and regulations. During the reporting year, the Group did not have any significant legal or regulatory issues related to emissions of air pollutants and greenhouse gases, discharge into water and land, or the generation of hazardous and non-hazardous waste that would have a major impact on the Group.
Employment and Labour Standards	<ul style="list-style-type: none"> <li>• <b>Labour Law of the PRC</b></li> <li>• <b>Labour Contract Law of the PRC</b></li> <li>• <b>Provisions on the Prohibition of Using Child Labour</b></li> <li>• <b>Regulations on Special Protection of Underage Workers</b></li> </ul>	Yuan Heng Gas strictly adheres to relevant employment and labour laws and regulations. During the reporting year, the Group did not identify any significant legal or regulatory issues related to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, and other benefits and welfare, as well as the prevention of child labour and forced labour.
Health and Safety	<ul style="list-style-type: none"> <li>• <b>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases Production Safety Law of the PRC</b></li> <li>• <b>Provisions on the Safety Training of Production and Operation Entities</b></li> <li>• <b>Regulations on Safety Production Training</b></li> <li>• <b>Regulations on the Safety Management of Hazardous Chemicals</b></li> <li>• <b>Fire Protection Law of the PRC</b></li> </ul>	Yuan Heng Gas strictly complies with occupational health and safety laws and regulations. During the reporting year, the Group did not identify any significant legal or regulatory issues related to violations of occupational health and safety standards.

Aspects	Applicable Laws and Regulations	Compliance Statement
Supply Chain Management	<ul style="list-style-type: none"> <li>• Civil Code of the PRC</li> <li>• the People's Mediation Law of People's Republic of China</li> <li>• The Bidding Law of the PRC</li> <li>• Product Quality Law of the PRC</li> <li>• Regulations on Quality Responsibility for Industrial Products</li> </ul>	Yuan Heng Gas strictly complies with laws and regulations related to supply chain management. During the reporting year, the Group did not identify any significant legal or regulatory issues related to product quality or bidding processes.
Product Responsibility	<ul style="list-style-type: none"> <li>• Oil and Natural Gas Pipeline Protection Law of the People's Republic of China</li> <li>• Patent Law of the PRC</li> <li>• Intellectual Property Law of the PRC</li> <li>• Civil Code of the PRC</li> </ul>	Yuan Heng Gas strictly adheres to laws and regulations related to quality management. During the reporting year, the Group did not identify any significant legal or regulatory issues related to its products, services, operations, sales and marketing, or other business practices.
Anti-corruption	<ul style="list-style-type: none"> <li>• Criminal Law of the PRC</li> <li>• Civil Code of the PRC</li> </ul>	Yuan Heng Gas did not identify any significant legal or regulatory issues related to bribery, extortion, fraud, or money laundering.



# PERFORMANCE DATA SUMMARY

## Environmental Performance



	2023/24	2022/23
<b>Air Pollutants</b>		
Nitrogen oxides (kg)	5,398.95	4,773.97
Sulfur oxides (kg)	0.34	0.44
Particulate matter (kg)	2.05	4.09
<b>Greenhouse Gas Emissions</b>		
Total GHG emissions (tCO <sub>2</sub> e)	109,628.80	139,849.29
Scope 1 — Fossil fuel combustion (tCO <sub>2</sub> e)	96,408.48	96,067.01
Scope 1 — Flaring emissions (tCO <sub>2</sub> e)	3,664.83	3,163.97
Scope 1 — Oil and gas processing emissions (tCO <sub>2</sub> e)	9,555.49	7,150.35
Scope 1 — Greenhouse gas recovery and utilisation (tCO <sub>2</sub> e)	2,921.39	/
Scope 2 — Indirect carbon emissions (tCO <sub>2</sub> e)	107,415.64	108,558.70
<b>Waste</b>		
Total hazardous waste (tonnes)	24.16	51.77
Total hazardous waste (tonnes/thousand tons of LNG)	0.07	0.15
Total non-hazardous waste (tonnes)	21.00	22.00
Non-hazardous waste intensity (tonnes/kiloton of LNG)	0.06	0.06
<b>Direct Energy Consumption</b>		
Natural gas (GJ)	240,626.78	245,829.30
Petrol (Liter)	33,319.00	41,425.17
Diesel (Liter)	273.00	2,449.27
<b>Indirect Energy Consumption</b>		
Purchased electricity (MWh)	188,349.36	190,353.68
Total energy consumption (GJ)	919,756.19	932,510.54
Intensity of energy consumption (GJ/ton of LNG)	2.67	2.71
<b>Packaging materials</b>		
<i>The Group's business operations do not involve the use of packaging materials.</i>		
<b>Water Resources</b>		
Total water consumption (m <sup>3</sup> )	482,334.00	507,496.00
Water consumption intensity (m <sup>3</sup> /ton of LNG)	1.40	1.47
Total wastewater discharge (m <sup>3</sup> )	211,816.00	211,785.00



## Social Performance



	2023/24	2022/23
<b>Total Number of Employees (Person)</b>	<b>235</b>	<b>244</b>
<b>Gender Distribution</b>		
Male	192	201
Female	43	43
<b>Rank</b>		
Senior management	9	11
Middle management	22	20
General staff	204	213
<b>Age</b>		
20-30	53	54
31-40	114	124
41-50	43	42
Over 50 years old	25	24
<b>Geographical Distribution</b>		
Ordos Xingxing Energy	114	120
Dazhou Huixin Energy	121	122
Zunyi Hua Heng Energy	/	2
<b>Employee Turnover Rate</b>	<b>13.19%</b>	<b>36.1%</b>
<b>Gender Distribution</b>		
Male	14.06%	35.3%
Female	9.30%	39.5%
<b>Rank</b>		
Senior management	11.11%	36.4%
Middle management	4.55%	40.0%
General staff	14.22%	35.7%
<b>Age</b>		
20-30	39.62%	75.9%
31-40	5.26%	32.3%
41-50	2.33%	16.7%
Over 50 years old	12.00%	0.0%

## PERFORMANCE DATA SUMMARY



	2023/24	2022/23
<b>Geographical Distribution</b>		
Ordos Xingxing Energy	24.16%	20.0%
Dazhou Huixin Energy	2.5%	4.1%
Zunyi Hua Heng Energy	/	295% <sup>6</sup>
<b>New Hire Rate</b>	<b>9.36%</b>	<b>7.8%</b>
<b>Gender Distribution</b>		
Male	2.08%	8.0%
Female	41.86%	7.0%
<b>Rank</b>		
Senior management	0.00%	0.0%
Middle management	0.00%	0.0%
General staff	10.78%	8.9%
<b>Age</b>		
20-30	35.85%	24.1%
31-40	2.63%	4.0%
41-50	0.00%	2.4%
Over 50 years old	0.00%	0.0%
<b>Geographical Distribution</b>		
Ordos Xingxing Energy	18%	10.8%
Dazhou Huixin Energy	1.65%	4.9%
<b>Percentage of Employees Trained</b>	<b>100%</b>	<b>100%</b>
<b>Gender Distribution</b>		
Male	82%	82.4%
Female	18%	17.6%
<b>Rank</b>		
Senior management	3.83%	4.5%
Middle management	9.36%	9.0%
General staff	86.81%	86.5%

<sup>6</sup> Please refer to the relevant announcements of our group regarding the personnel turnover of Huaheng Energy [https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0628/2023062800182\\_c.pdf](https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0628/2023062800182_c.pdf)



## PERFORMANCE DATA SUMMARY



	2023/24	2022/23
<b>Average Training Hours (Hours)</b>	28.9	24.7
<b>Gender Distribution</b>		
Male	29.89	24.9
Female	24.49	23.9
<b>Rank</b>		
Senior management	21.56	11.7
Middle management	20.27	11.5
General staff	30.15	24.9
<b>Occupational Health and Safety Performance</b>		
Work-related fatalities	0	0
Number of work-related injuries	0	0
Lost days due to work-related injury	0	0
Injury rate per thousand employees	0.0%	0.0%
<b>Total Number of Suppliers</b>		
<b>Distribution by Region</b>		
Hong Kong	0	0
Mainland China	249	188
Other regions	0	0
<b>Community Participation</b>		
Public welfare investment (RMB ten thousand)	56.05	56.9
Number of hours of voluntary work (Hour)	285	393

# HKEX ESG CONTENT INDEX

HKEX ESG Reporting Guide Requirements		Section/Remarks
<b>Mandatory Disclosure Requirements</b>		
<b>Governance Structure</b>	<p>A statement from the Board containing:</p> <ul style="list-style-type: none"> <li>(i) Disclosure of the Board's oversight of ESG issues;</li> <li>(ii) the Board's ESG management approach and strategy, including the process of evaluating, prioritising and managing material ESG-related issues (including risks to the issuer's business); and</li> <li>(iii) how the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.</li> </ul>	<b>ESG GOVERNANCE</b>
<b>Reporting Principles</b>	<p>Description or explanation of how the following reporting principles have been applied in the preparation of the ESG Report:</p> <p><b>Materiality:</b> The ESG Report should disclose: (i) the process of identifying and selecting material ESG factors; and (ii) if the issuer has engaged stakeholders, a description of the identified material stakeholders, and the process and results of the issuer's stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, if any, or any other relevant factors affecting a meaningful comparison.</p>	<p><b>Reporting Guidelines</b></p> <p><b>Materiality:</b> We identify material economic, environmental and social issues arising from the Company's operations through stakeholder communication and materiality assessment. This also reveals ESG issues that have a significant impact on stakeholders' assessment and decision-making.</p> <p><b>Quantitative:</b> The data set out in this report have been checked and analysed. Please refer to the "Performance Data Summary" of this report for the standards referenced in calculating environmental KPIs.</p> <p><b>Consistency:</b> To ensure comparability of information, unless otherwise stated, the statistical methods used in this report are consistent with the past and are presented in a way that is comparable on a year-on-year basis.</p>
<b>REPORTING SCOPE</b>	<p>An explanation of the reporting scope of the ESG Report and a description of how the entities or businesses are selected for inclusion in the ESG Report. If the scope of the report changes, the issuer should explain the differences and the reasons for the changes.</p>	<b>Reporting Scope</b>



HKEX ESG Reporting Guide Requirements		Section/Remarks	
<b>Comply or Explain Provisions</b>			
<b>A. ENVIRONMENTAL</b>			
<b>Aspect A1: EMISSION</b>	<p>General Disclosure</p> <p>Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:</p> <p>(a) the Policy; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.</p> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i></p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.</p> <p>Hazardous waste is defined by national regulations.</p>	<b>GREEN OPERATION</b> – Environmental Management	
	<b>KPI A1.1</b>	The types of emissions and respective emissions data.	<b>GREEN OPERATION</b> – Emission Management PERFORMANCE DATA SUMMARY
	<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	<b>GREEN OPERATION</b> – Greenhouse Gas Emissions PERFORMANCE DATA SUMMARY
	<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	<b>GREEN OPERATION</b> – Waste Management PERFORMANCE DATA SUMMARY
	<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	<b>GREEN OPERATION</b> – Waste Management PERFORMANCE DATA SUMMARY
	<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	<b>GREEN OPERATION</b>
	<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	<b>GREEN OPERATION</b> – Waste Management



## HKEX ESG CONTENT INDEX

HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect A2: Use of Resources	<b>General Disclosure</b> Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	<b>GREEN OPERATION</b> – Environmental Management
	<b>KPI A2.1</b>	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). <b>GREEN OPERATION</b> – Energy Consumption PERFORMANCE DATA SUMMARY
	<b>KPI A2.2</b>	Water consumption in total and intensity (e.g., per unit of production volume, per facility). <b>GREEN OPERATION</b> – Water Resources Management PERFORMANCE DATA SUMMARY
	<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them. <b>GREEN OPERATION</b> – Green Office
	<b>KPI A2.4</b>	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. <b>GREEN OPERATION</b> – Water Resources Management
	<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. The Group's operations do not involve the use of packaging materials.
Aspect A3: The Environment and Natural Resources	<b>General Disclosure</b> Policies on minimising the issuer's significant impact on the environment and natural resources.	<b>GREEN OPERATION</b> – Environmental Management – Green Office
	<b>KPI A3.1</b>	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them. <b>GREEN OPERATION</b> – Green Office
Aspect A4: Climate Change	<b>General Disclosure</b> <b>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</b>	<b>GREEN OPERATION</b> – Responding to Climate Change
	<b>KPI A4.1</b>	Describe the significant climate-related issues that have affected or may affect the issuer, and the response actions. <b>GREEN OPERATION</b> – Responding to Climate Change
<b>B. SOCIAL</b>		



HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B1: Employment	<b>General Disclosure</b> Relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<b>PEOPLE-ORIENTED</b>
	<b>KPI B1.1</b> Total workforce by gender, employment type, age group and geographical region.	<b>PEOPLE-ORIENTED</b>
	<b>KPI B1.2</b> Employee turnover rate by gender, age group and geographical region.	<b>PEOPLE-ORIENTED</b>
Aspect B2: Health and Safety	<b>General Disclosure</b> Information relating to providing a safe working environment and protecting employees from occupational hazards: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<b>PEOPLE-ORIENTED</b> – Occupational Health and Safety
	<b>KPI B2.1</b> Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	<b>PEOPLE-ORIENTED</b> – Occupational Health and Safety PERFORMANCE DATA SUMMARY
	<b>KPI B2.2</b> Lost days due to work injury.	<b>PEOPLE-ORIENTED</b> – Occupational Health and Safety PERFORMANCE DATA SUMMARY
	<b>KPI B2.3</b> Description of occupational health and safety measures adopted, how they are implemented and monitored.	<b>PEOPLE-ORIENTED</b> – Occupational Health and Safety PERFORMANCE DATA SUMMARY



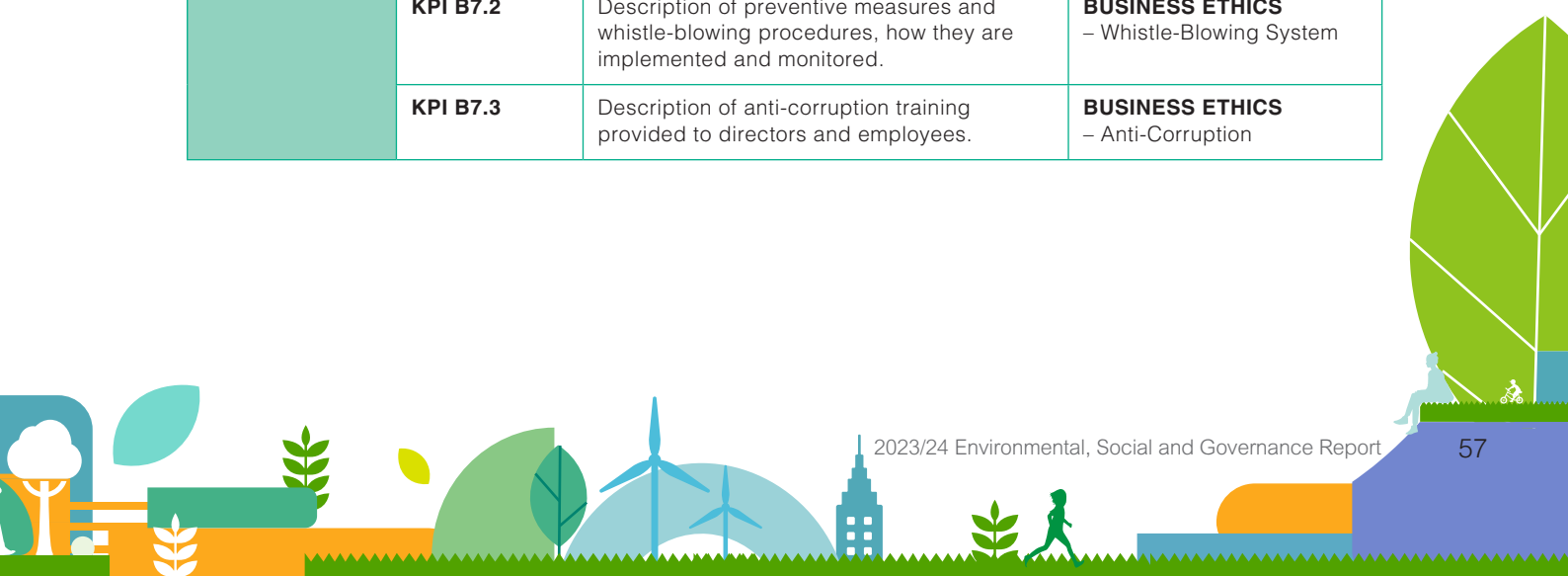


## HKEX ESG CONTENT INDEX

HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B3: Development and Training	<b>General Disclosure</b> Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	<b>PEOPLE-ORIENTED</b> – Training and Development
	<b>KPI B3.1</b> The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<b>PEOPLE-ORIENTED</b> – Training and Development PERFORMANCE DATA SUMMARY
	<b>KPI B3.2</b> The average training hours completed per employee by gender and employee category.	<b>PEOPLE-ORIENTED</b> – Training and Development PERFORMANCE DATA SUMMARY
Aspect B4: Labour Standards	<b>General Disclosure</b> Information on: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<b>PEOPLE-ORIENTED</b>
	<b>KPI B4.1</b> Description of measures to review employment practices to avoid child and forced labour.	<b>PEOPLE-ORIENTED</b> – Equal Employment and Anti-Discrimination
	<b>KPI B4.2</b> Description of steps taken to eliminate such practices when discovered.	<b>PEOPLE-ORIENTED</b> – Equal Employment and Anti-Discrimination
Aspect B5: Supply Chain Management	<b>General Disclosure</b> Policies on managing environmental and social risks of the supply chain.	<b>SUSTAINABLE SUPPLY CHAIN</b>
	<b>KPI B5.1</b> Number of suppliers by geographical region.	<b>SUSTAINABLE SUPPLY CHAIN</b> PERFORMANCE DATA SUMMARY
	<b>KPI B5.2</b> Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	<b>SUSTAINABLE SUPPLY CHAIN</b>
	<b>KPI B5.3</b> Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<b>SUSTAINABLE SUPPLY CHAIN</b>
	<b>KPI B5.4</b> Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<b>SUSTAINABLE SUPPLY CHAIN</b>



HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B6: Product Responsibility	<b>General Disclosure</b> Information relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<b>PRODUCT RESPONSIBILITY</b> – Protect Customer Rights and Interests
	<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons. The Group's operation process does not involve product recall for safety and health reasons
	<b>KPI B6.2</b>	Number of products and service-related complaints received and how they are dealt with. <b>PRODUCT RESPONSIBILITY</b> – Protect Customer Rights and Interests
	<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights. <b>PRODUCT RESPONSIBILITY</b> – Protect Customer Rights and Interests
	<b>KPI B6.4</b>	Description of quality assurance process and recall procedures. <b>PRODUCT RESPONSIBILITY</b> – Protect Customer Rights and Interests
	<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored. <b>PRODUCT RESPONSIBILITY</b> – Protect Customer Rights and Interests
Aspect B7: Anti-Corruption	<b>General Disclosure</b> Relating to bribery, extortion, fraud and money laundering: (a) the Policy; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	<b>BUSINESS ETHICS</b> – Anti-Corruption
	<b>KPI B7.1</b>	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. <b>BUSINESS ETHICS</b> – Anti-Corruption
	<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. <b>BUSINESS ETHICS</b> – Whistle-Blowing System
	<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and employees. <b>BUSINESS ETHICS</b> – Anti-Corruption



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HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B8: Community Investment	<b>General Disclosure</b> 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.	<b>COMMUNITY COMMITMENT</b>
	<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). <b>COMMUNITY COMMITMENT</b>
	<b>KPI B8.2</b>	Resources (e.g. money or time) spent in the area of specialisation. <b>COMMUNITY COMMITMENT PERFORMANCE DATA SUMMARY</b>

