

# Environmental, Social and Governance Report

環境、社會及  
管治報告 2024



**中裕能源控股有限公司**  
ZHONGYU ENERGY HOLDINGS LIMITED

Stock Code 股份代號: 3633

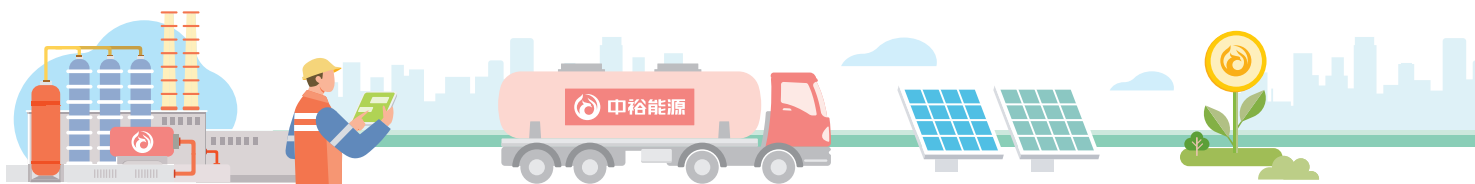


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## ABOUT THE REPORT

### ABOUT THE REPORT

Zhongyu Energy Holdings Limited (“Zhongyu Energy” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) publishes the “Environmental, Social and Governance Report 2024” (the “Report”) whereby reporting on the policies, measures and performances in the environmental, social and governance (“ESG”) aspects of the Group, provides stakeholders with a better understanding of the Group’s progress and direction on sustainable development. The Group publishes annual ESG report regularly for the public to access and continues to improve the transparency of information disclosure.

To facilitate representation and easy for reading, Zhongyu Energy uses “Zhongyu”, the “Group” and “We” respectively as the representation in the report.

The Report is available in both Chinese and English and has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Group website [www.zhongyuenergy.com](http://www.zhongyuenergy.com). In case of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail. In case of any conflict or inconsistency between the Report and the annual report, the annual report shall prevail.

### SCOPE OF THE REPORT

The environmental and social key performance indicators disclosed in the Report remains unchanged, and cover all operations and businesses in Hong Kong and Mainland China.

The Report covers the sustainability performance of the Group’s daily operations and businesses from 1st January, 2024 to 31st December, 2024 (the “Year”). Businesses of the Group mainly include the sales of gas, the operation of CNG/LNG vehicle filling stations, gas pipeline construction, value-added services and smart energy. The Group will continue to improve the internal data collection system to provide stakeholders with more comprehensive and accurate information in the future.

### STANDARDS OF THE REPORT

The Report is prepared in accordance with Rule 13.91 and the “Environmental, Social and Governance Reporting Guide” (the “Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Report will be prepared on the basis of four reporting principles – Materiality, Quantitative, Balance and Consistency.

**Materiality principle** – conduct regular materiality assessment to identify the issues with significant impact on the Group and related stakeholders, and ensure those issues are reflected in the Report.

**Quantitative principle** – report quantifiable data, whenever possible, with explanations.

**Balance principle** – reasonably disclose the risks and opportunities faced by the Group currently and in the future as well as the positive and negative influences brought by the businesses, to enable readers to make a reasonable assessment of the overall performance of Zhongyu Energy.

**Consistency principle** – adopt consistent methodologies as much as possible in preparation and specify and explain the significant changes in the Report to allow for meaningful comparisons.

### INFORMATION COLLECTION AND CONFIRMATION

The content and data presented in the Report is derived from documents and statistical information of all functional departments of the Group. With reference made to the related systems and policies, consolidation and integration with monitoring, management and operational data from related departments and subsidiaries have been carried out. Should there be no specific explanation, all amounts disclosed in the Report shall be denominated in RMB.



The Report is prepared by the ESG Office of the Group and has been considered and passed by the ESG Committee and the board of directors. The Group has established an internal supervision, examination and risk management mechanism to ensure that all information presented in the Report is accurate and reliable.

The Report was confirmed and approved by the board of directors of the Company and the ESG Committee on 17 April, 2025.

## FEEDBACK

Opinions and suggestions from stakeholders will help the Group establish more comprehensive sustainable development strategies in the future. If you have any questions about the content or reporting format of the Report, please feel free to contact the Group.

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## ABOUT US

Zhongyu Energy (Stock Code: 3633.HK), under the current new situation of energy transformation and “carbon neutrality”, starting from its own business, has extensively deployed smart energy business, made breakthroughs in the Group’s original business model, and promoted national theme strategies such as low-carbon transformation.

### INTEGRATED ENERGY SERVICE PROVIDER

As a forerunner in the domestic gas industry with “developing clean energy and achieving a better life” as its mission, Zhongyu Energy strives to optimise the energy structure of the regions where it operates, promote the conservation of resources, enhance the quality of life of the citizens, and make due contribution to the quality of environment. Since its establishment in 2002, from establishing a foothold in a region to operating a network across the nation, Zhongyu Energy has been forging ahead with determination towards the goal of “becoming the most valuable integrated energy service provider”. As of 31st December, 2024, the Group has 74 gas projects with concession rights across 11 provinces. It has constructed accumulated intermediate and main pipeline network of approximately 28,201 km and operated 283 smart energy projects nationwide, serving more than 5.2 million residents and industrial and commercial customers with safe, reliable and clean energy products and services.

Currently, Zhongyu Energy involves in a variety of businesses in the city gas sector, such as residential cooking, gas boiler heating, hotel hot water system, gas air-conditioning and commercial catering. At the same time, it actively explores one-stop services and has provided one-stop services of gas boilers for numerous schools. It also provides one-stop services of central heating for various residential communities. In the industrial fuel sector, the Group involves in dozens of industries such as chemical industry, construction materials, metal smelting and food processing, including central enterprises, state-owned enterprises and leaders of various industries. In line with the national “dual-carbon” strategy, and to meet its own needs for optimisation and adjustment of business structure, Zhongyu Energy has scientifically deployed its development in the green energy market, and continued to further focus on the three major smart energy business segments including energy management contract, district energy supply, and low-carbon transportation.

### NEW STRATEGY OF BUSINESS LAYOUT

In 2021, Zhongyu Energy put forward the proposal for transformation and development and firmly implemented the “dual-wheel drive” development strategy to promote the transformation of the Group’s businesses towards a cleaner and low-carbon direction. From the perspective of business structure, the Group is deeply rooted in the core urban gas business, and has built a customer-oriented high-quality industrial and commercial service system for labours, expanding value-added business and new retail market based on high customer stickiness. At the same time, the Group will adopt the strategy of industry chain integration, actively respond to the market changes after the establishment of PipeChina, and promote gas source protection and energy trade.

Focusing on the natural advantages in the energy industry brought by the urban gas business, the Group vigorously promotes low-carbon construction, low-carbon industrial parks, energy custody services, industrial energy-saving transformation, incremental power distribution operations and other related businesses. It also actively expands the clean energy market and proposes a transformation strategy of “focusing on biomass business to carry out zero-carbon coupling business” during the year, actively expanding biomass related business so as to contribute to the green and sustainable development of the country. Currently, with the city gas business of the Group developing steadily and the smart energy business growing rapidly, the “dual-wheel drive” pattern is gradually becoming clearer.

### “DUAL-WHEEL DRIVE” TO CREATE A GREEN AND LOW-CARBON FUTURE

In response to the national “30-60” dual-carbon goal, and in response to the energy market reform, Zhongyu Energy, based on its main business, continuously explores the industrial chain, builds an ecosystem, and is committed to expanding new business forms and creating new values. Focused on the operating principle of “market-driven, customer-oriented, and efficiency-centred”, safeguarding energy safety and supply and low-carbon green development have now become the consensus of the whole industry. Zhongyu Energy has taken the initiative to participate in the high-quality development of energy based its own actual condition. While coordinating works in relation to assurance of energy safety and green transformation, and ensuring the



steady development of its gas business, it adapts to the development trend of green and low-carbon transformation, and continues to explore the smart energy business, with a view to realizing the efficient synergy between city gas and smart energy, and hence promoting the green and low-carbon transformation of energy with real actions.

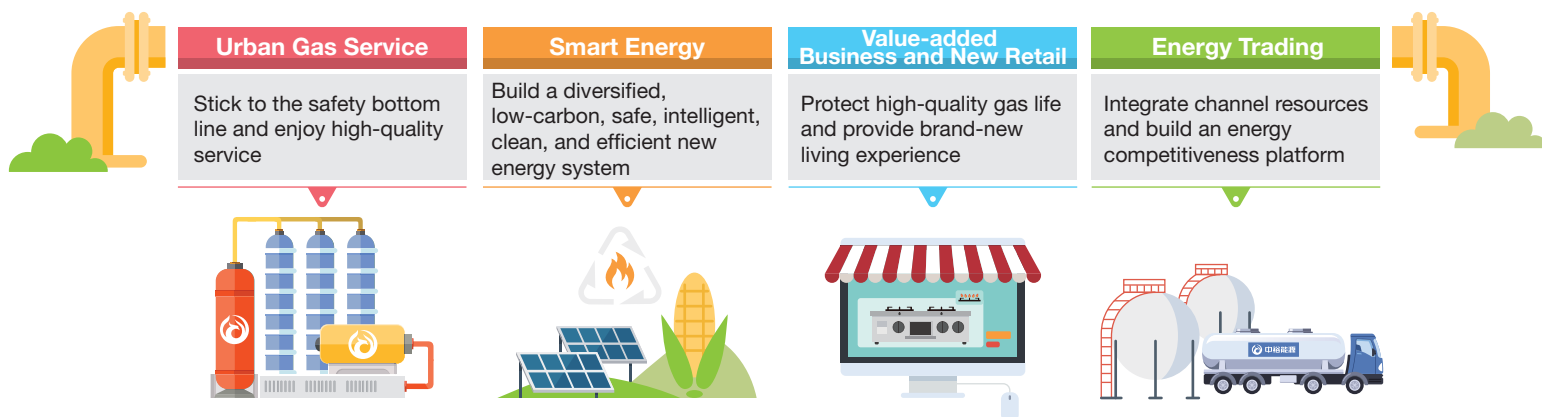
In 2024, the Group maintained its extraordinary performance in green sustainability and further promoted low-carbon energy transformation and green financial innovation. During the Year, Zhongyu Energy received a number of prestigious awards, including the “Jinge Award – ESG Pioneer of the Year”, the “Best Energy and Resources Company Award” and the “Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Contributing Enterprise Award “. Notably, the Group was honoured with the “Pioneering Award for ESG Disclosure Contribution” by the Hong Kong Quality Assurance Agency for the third consecutive year for its outstanding performance in ESG disclosure, while its ESG team also won the “Leadership and Strategist Award for ESG Disclosure Contribution”. This achievement fully demonstrates the ongoing efforts of Zhongyu Energy in

ESG disclosure and climate adaptation, which have once again been highly recognized by the market and the industry.

In the future, Zhongyu Energy will continue to uphold its corporate mission of “Developing Clean Energy and Achieving a Better Life”. It will actively expand its urban gas business and develop innovative green energy business to fully grasp the opportunities brought about by green finance and sustainable development. The Company will seize the opportunities emerged from green finance and sustainable development, further expand the scale and scope of its integrated energy projects, enhance its digital management capabilities, and ensure the safe, efficient and stable operation of its business through the construction of an advanced gas pipeline network and intelligent operation platform for smart energy projects. In the course of corporate development, Zhongyu Energy will continue to improve its ESG system, the ESG training for its employees, as well as ESG and climate risk disclosure, so as to strengthen its market competitiveness and contribute to China’s green and sustainable development.

## BUSINESS OVERVIEW

Currently, the Group’s business development is diversified and has shifted from “start and thrive” to a stage of “steady and acceleration”.





## ABOUT US

## AWARDS AND ACCOLADES

Zhongyu Energy has made great efforts in the area of green finance and ESG risk management in recent years and has received the following awards and accolades in 2024.



“Jinge Award – ESG Pioneer of the Year”



“Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Contributing Enterprise Award” and “Most Valuable Brand Award” from the 5th Guangdong-Hong Kong-Macao Greater Bay Area Development Forum



“Pioneering Award for ESG Disclosure Contribution” from the Hong Kong Quality Assurance Agency



“Best Energy and Resources Company Award” from Zhitong Caijing





“Best ESG Practice Award” and “Best Energy Saving and Carbon Reduction Action Award” from the Hong Kong International Financial Forum



“Gold Seal for Contribution to Sustainable Property – Promote Environmental Protection” and “Advocate of Sustainable Property – Promote Community Caring” from the Hong Kong Quality Assurance Agency



# CHAIRMAN'S STATEMENT



In 2024, China's energy market, powered by the dual drive of stabilizing traditional energy production and supply and accelerating the transformation of clean energy, has ensured the stable development of the domestic economy, steadily advancing the national energy structure transformation. Pursuing the corporate mission of "Developing Clean Energy for a Better Life", Zhongyu Energy is committed to optimizing the energy structure in its operating regions, building a clean, low-carbon, safe and efficient energy system, thus facilitating the fulfilment of the national "dual-carbon" goals.

During the year, the Group seized the opportunities presented by the development of the industry, fully implemented the strategy of "dual-wheel drive" development, and expedited the green transformation and development of the Group. In the same year, the Group focused on the green novel energy

industry and maintained a relatively rapid development momentum in the areas of natural gas distributed energy, diversified regional energy supply, energy micro-grids and energy storage, green transportation, energy management with digital intelligence, hydrogen energy and industrial energy-saving. Meanwhile, based on market research and study, the Group formulated a new transformation strategy of "focusing on biomass business to carry out zero-carbon coupling business" so as to further optimize its business structure, thereby contributing to the accomplishment of green and low-carbon development of the society.

# CHAIRMAN'S STATEMENT

During the year, the Group launched a series of safety initiatives centered on the production safety theme of “Know Your Fear, Understand Your Responsibilities, Eliminate Potential Hazards and Reduce Risks”, progressively improved the mechanism for overseeing major potential hazards, innovated the safety review related tasks and methods, ensuring completion of the rectifications of various potential hazards under concerted efforts. The Group continued to increase its investment in production safety, continuously upgraded the smart monitoring equipment and enhanced the quality of its safety personnel. The number of certified safety engineers of the group exceeded 200 during the year. At the same time, the Group vigorously promoted the establishment of a digital intelligence platform, and developed a smart gas and energy dispatching platform to holistically enhance its safety management capabilities, hence ensuring safe operation and high-quality development of the Group.

Adhering to the development concept of “People-oriented”, the Group continuously improves the employee rights and welfare system, provides employees with a fair, healthy, safe and harmonious working environment. Besides, it organizes various activities after work to enhance the employees’ sense of identification with the enterprise, so as to ensure self-achievement of employees in terms of their own values at work and mutual growth with the enterprise. Based on the principles of “Selection, Employment, Training and Retention”, the Group continuously improves its talent training system and strengthen the development of its talent teams at all levels by exploring and training outstanding talents. Meanwhile, it constantly innovates training forms, enrich training contents by organizing offline training activities and building an online “cloud learning” platform to provide employees with a full range of training opportunities such as professional skills, health and safety, and work skills, so as to empower the sustainable development of their careers.

The Group is committed to creating long term value for the society. It always pays attention to the needs of all groups in society and supports the underprivileged groups. The Group has organised and participated in public welfare campaigns including, among others, the provision of financial assistance to poor students, charity blood donation, and helping farmers. At the same time, the Group has leveraged its professional strengths to popularize gas safety knowledge among the general public and raise their awareness of safe gas use through a variety of community publicity and consultation activities. Additionally, the Group has formulated and continuously optimized a number of management systems in the areas of customer service, customer privacy and methane emission management to safeguard people’s well-being and ecological safety from various perspectives, contributing our small efforts to the sustainable development of society.

In the future, the Group will continue to implement the strategy of “dual-wheel drive” development, accelerate the development of its green energy business and provide customers with cleaner and more efficient integrated energy services. At the same time, adhering to the business principle of “customer satisfaction, government trust, enterprise development, and employee benefits”, it will continuously enhance the quality of its services, ensure adequate and safe energy supply. The Group will continue to optimize the talent training system and employee benefits, and promote the progress of digital and intellectual development of the enterprise, so as to further enhance the comprehensive strength of the enterprise, opening up a new chapter of the high-quality transformation and development of Zhongyu Energy.

**Wang Wenliang**  
Chairman  
Hong Kong

17th April 2025

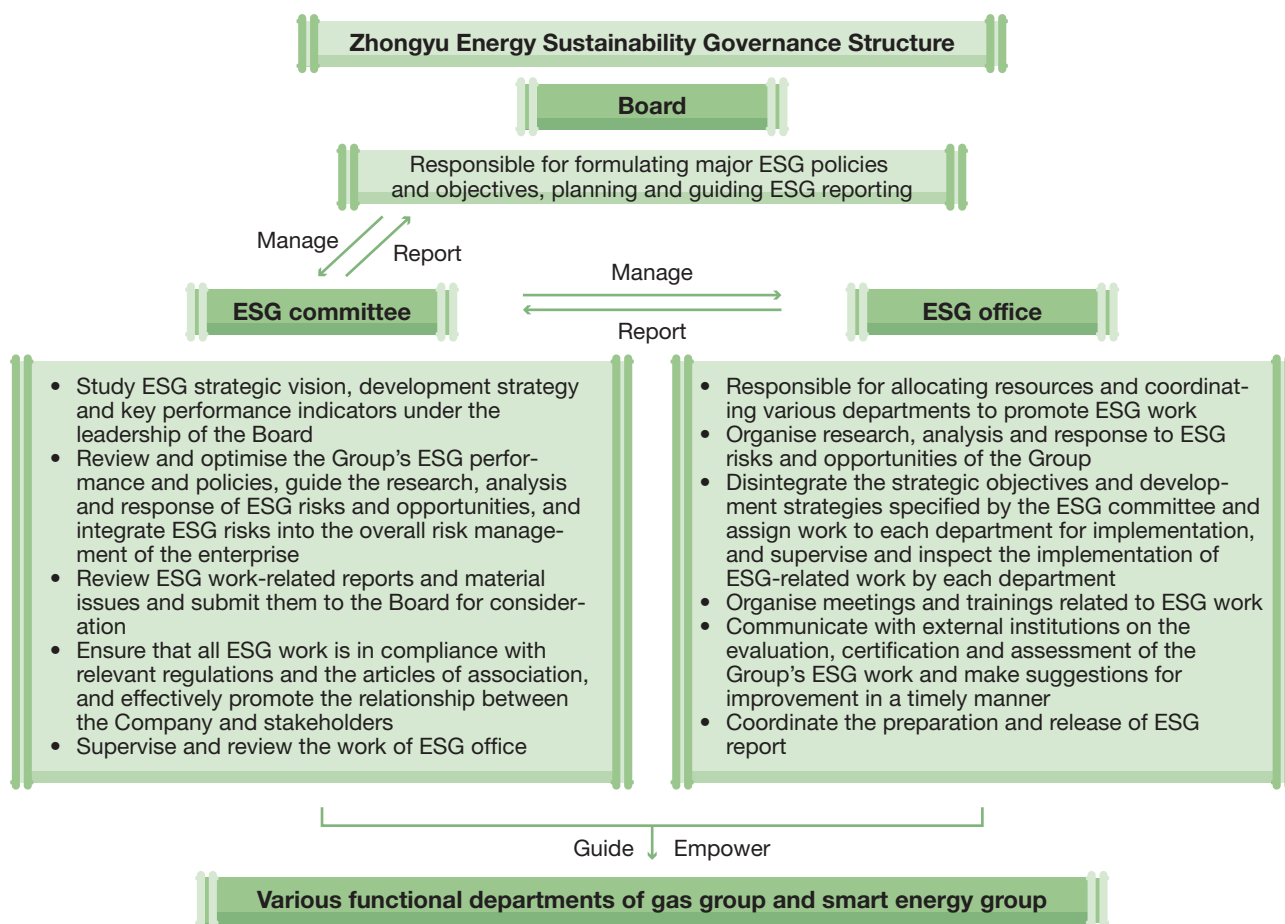




# SUSTAINABILITY GOVERNANCE

## SUSTAINABILITY GOVERNANCE

Good corporate governance measures can effectively help Zhongyu Energy establish and achieve its long-term strategies and objectives. To better realise the standardisation and governance transparency under the sustainable development tasks of the Group, we establish the sustainability governance structure which comprises the board of directors, ESG committee and ESG office to be responsible for the environmental, social and governance tasks of the Group, including climate change related tasks.





## Statement of the Board

The board of directors of the Company is committed to high standards of corporate governance, and lead the Group to grasp opportunities and respond to risks arising from sustainable development. The board of directors is the highest authority in the Group's governance structure, which is fully responsible for the Group's environmental, social and governance strategies and reporting, and is responsible for developing the long-term strategy of the Group and is vested the highest decision-making authority for the related tasks.

In order to actively respond to the national "dual carbon" goal and the requirements for green economic development, the Group established the environmental, social and governance committee (the "ESG Committee") based on the Board's promotion and deployment of the Group's strategic transformation and upgrade, which is led by the Group's executive directors, to improve the Group's ESG management level and enhance the company's competitiveness.

The ESG Committee has set up the environmental, social and governance office (the "ESG Office"), which acts as a standing body responsible for the specific work of the ESG Committee, and comprises the officers from various functional departments of the listed company, gas and smart energy group for assisting the committee in coordinating, implementing and supervising the sustainable development of the Group.

We also regularly communicate with stakeholders, hold internal and external activities, collect opinions from stakeholders, and conduct ESG materiality assessment. The results of the materiality assessment will be discussed at the ESG Committee meeting. The ESG Committee will consider the Company's development strategy and the external macroenvironment assessment results, and take the management and improvement of key issues as a reference for the annual strategic work of sustainable development.

The Group has formulated Environmental, Social and Governance Policy. The purpose of formulating the policy is to optimize internal management system for environmental, social and corporate governance, strengthen internal communication and ensure all staff members understand as well as implement the policies and specific measures in a proper manner. Zhongyu has also developed ESG targets, covering greenhouse gas emission, safety management and staff training, and conducts regular review over the progress of achieving the targets.

## CORPORATE RISK GOVERNANCE





As an essential component of corporate governance, the Group is of the view that, the risk management and internal control system has a key role and is significant to the fulfillment of business objectives.

In order to enhance risk management and control, the Group established the audit and supervision committee as well as management system. The board of directors is responsible for the establishment of the risk management and internal control system to ensure clear management structure with well-defined monitoring rights and responsibilities. The effectiveness thereof is reviewed regularly by the Audit Committee. The board of directors conducts regular review on audit report and progress of rectification work to ensure that each department is able to conduct in-depth analysis of the causes of problems, actively improve the system and modify the deficiencies, and take effective measures to avoid risks.

Based on the risk management and internal control system, and the assessment of the ESG Committee of the Group, the following four major risks have been identified and evaluated, and the risk management responsibilities are clearly defined to ensure that the corresponding measures are adequate and effective to avoid the Group from incurring significant losses.



## SUSTAINABILITY GOVERNANCE

Major risks	Impact	Control measures
 <b>Occupational safety</b>	<p>As an integrated energy service provider, the Group attaches great importance to the protection of employees' health and safety at work.</p> <p>In the course of operation, employees' trust in the Group will falter when health and safety problems occur to employees, thus affecting the operating performance of the Group.</p>	<p>The Group strives to reduce possible occurrences of safety accidents during operation by the following means.</p> <ul style="list-style-type: none"> <li>• Safety inspection: We established a team of internal safety auditors to carry out safety audit on the basis of safety inspection, covering the acquisition of working permits for employees who engage in specific types of jobs, distribution of work protective devices and maintenance of safety facilities.</li> <li>• Safety education and training: For instance, operation training on safety for special operation personnel, training on fire safety knowledge, and emergency response drills.</li> <li>• Regular reporting: Hold monthly production safety work meeting regularly, and supervise the reporting of the person in charge of production safety work. Prepare mid- and long-term and annual plan for production safety.</li> </ul>
 <b>Product responsibility</b>	<p>The Group considers the management of health and safety risks of the products to be of great importance. In case of product quality issues, the Group will not only bear the corresponding legal risks, but also cause huge impacts on the safety of residents residing in areas around the operation sites.</p>	<ul style="list-style-type: none"> <li>• By improving the internal supervision and examination and risk control policies, as well as strengthening the management of pipeline maintenance, gas leakage and emergency plans, the Group is committed to ensuring that product quality is in line with national laws and regulations and the interests of users.</li> <li>• We have also set up a hotline and service centre to encourage users to report any irregularities and gas accidents.</li> <li>• The Group has also formulated the <i>Administrative Measures for Spot Check on Materials</i> to conduct regular spot check annually, spot checks on quality incidents, spot checks on newly admitted products and spot checks on management demand.</li> </ul>
 <b>Policy risk</b>	<p>The proposal of China's "30-60" dual carbon goals has released a strong signal for the development of clean energy. The Group recognizes that natural gas has become a traditional energy source. As a natural gas service provider, it needs to always pay attention to the energy layout and continuously follow up the development of the renewable energy market.</p>	<ul style="list-style-type: none"> <li>• The Group's strategic goal is to transform from an energy development operator to an integrated energy service provider, focusing on the comprehensive development of the clean energy sector.</li> <li>• The Company actively develop new sustainable development-related businesses such as natural gas distributed energy, distributed photovoltaic power, biomass energy supply, energy storage and hydrogen energy.</li> </ul>
 <b>Climate risk</b>	<p>Climate change is becoming increasingly serious, and the physical and transformational risks caused by extreme weather will have a huge impact on the Group's daily operations. For example, extreme weather events caused by climate change (such as hurricanes, rainstorms, floods, snowstorms, etc.) may cause direct physical damage to equipment, including collapse, air leakage, etc. In addition, extreme weather events may also cause supply chain disruptions, affecting the supply of natural gas.</p>	<ul style="list-style-type: none"> <li>• The Group has established the ESG Committee and the ESG Office to be responsible for the designation, implementation, and supervision of sustainable development.</li> <li>• We actively invest in climate adaptation strategies, such as photovoltaic projects, and carry out a range of climate insurance tasks to address the loss arising from climate change. Meanwhile, subsidiaries are required to strengthen risk assessment and management, such as strengthening equipment maintenance and overhaul, flood prevention drills and risk early warning and monitoring.</li> </ul>



## COMMUNICATION WITH STAKEHOLDERS

The Group believes that establishing good interaction and long-term cooperative relationship with stakeholders can help realise our sustainable development vision. The Group is committed to communicating with key internal and external stakeholders through daily operations and various communication channels to understand their expectations and opinions on the Group's sustainable development performance, so as to formulate corresponding strategies, examine potential risks and opportunities, and build common values. During the Year, we continued to maintain regular sound and orderly communication with various stakeholders.

Stakeholders	Communication means
<b>Employees</b>	Meeting, regular communication, mail, trainings and activities, internal grievance redress mechanism
<b>Shareholders and investors</b>	General meetings, regular communication, announcements, circulars, financial reports
<b>Customers</b>	Service supervision calls, community service centres and counters, social media, lectures, satisfaction survey
<b>Suppliers and partners</b>	Tender meeting, strategic cooperation, technical exchange, on-site inspection
<b>Government</b>	Regular communication, cooperation project, inspection guidance, seminars
<b>Community</b>	Visits and exchanges, publicity and public education, community welfare services

## MATERIAL ISSUES

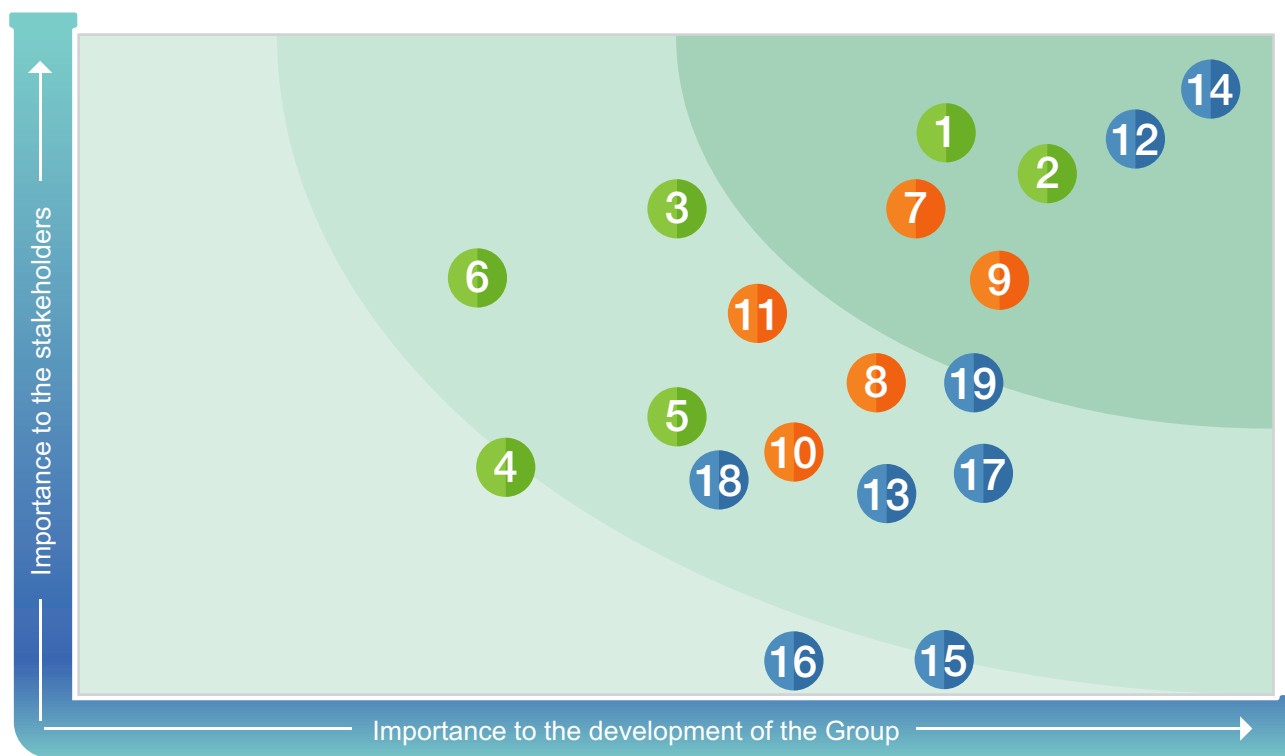
In accordance with the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange and the relevant principles, and taking into account the focus of the capital market on the Group's sustainable development, the Group benchmarks the disclosed contents of its ESG report against its peers through multiple channels of communication and exchange with various stakeholders, so as to identify and screen out ESG issues of importance to the Group and provide a basis for the sustainable development strategy.

The material issues assessment of the Group employs the major steps as follows:

<b>01 Identify sustainability issues</b>	Identify 19 issues which are the most closely related to the Group's business and its impact, covering the three major areas, namely environment, society and operation.
<b>02 Distribute survey questionnaire and data collection</b>	For potential issues left after elimination, questionnaire survey will be conducted, grading system will be used to allow stakeholders to assess the materiality of different potential material issues.
<b>03 Adjust matrix and analyse issues</b>	For the two dimensions of "Importance to the development of the Group" and "Importance to the stakeholders", material issues matrix is formulated. Meanwhile, we will compare against our peers and combine with industry development trend to perform adjustment over the material issues.
<b>04 Review material issues</b>	To submit the material issues matrix after adjustment to the ESG Committee for review and confirmation, in order to develop the final material issues matrix.



## COMMUNICATION WITH STAKEHOLDERS



Environmental	Social	Governance and Operational
1 Climate change	7 Employment rights and benefits	12 Economic benefits
2 Greenhouse gas and air emission	8 Legal employment	13 Anti-corruption
3 Environmental and ecological protection	9 Employee health and safety	14 Safe and steady gas supply
4 Waste management	10 Talent development	15 Risk management
5 Energy efficiency	11 Community involvement	16 Supply chain management
6 Water Consumption		17 Product responsibility
		18 Customer service and privacy
		19 Customer health and safety

Zhongyu Energy will continue to understand responsibility issues concerned by stakeholders based on their types, and make targeted response to the concerns of stakeholders through carrying out key initiatives.

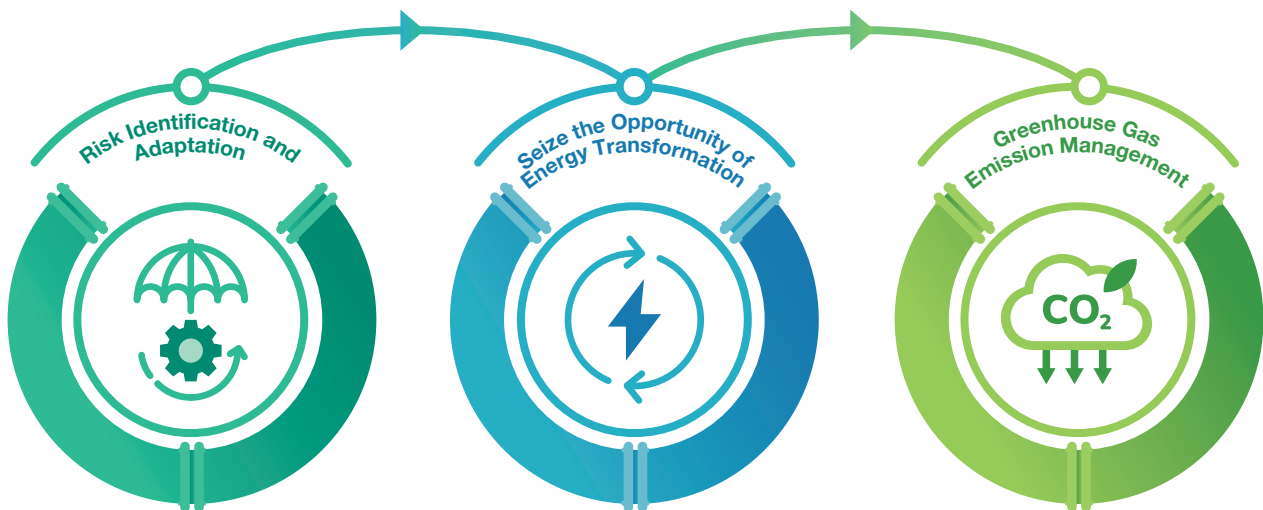


## RESPOND TO CLIMATE CHANGE

Climate change is a global challenge and an issue that the Group is deeply concerned about. We actively respond to the national “dual carbon” goal and helps China reach “carbon peak” by 2030 and “carbon neutrality” by 2060.

In order to effectively identify and manage the risks and opportunities brought about by climate change, the Group formally formulated the *Climate Change Policy* and incorporated sustainable and low-carbon development into its strategic planning. All employees shall follow this policy to jointly promote the achievement of goals and provide users with low-carbon, intelligent and systematic integrated energy services. In addition, we also actively adopt energy conservation and emission reduction measures to reduce greenhouse gas and other air pollutants emissions from operations.

To effectively address the impacts of climate change on its business development, the Group will focus on the following three core areas, which cover short-term (within 3 years), medium-term (3-5 years) and long-term (beyond 5 years) impacts, and formulate and implement corresponding strategies and action plans.



### RISK IDENTIFICATION AND ADAPTATION

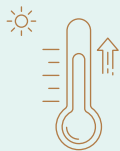

We are aware of the physical and transformational risks arising from climate change which will have significant impact on our daily operation, such as service disruptions, facilities depletion, as well as a range of asset impairment and economic loss resulting from the increase of operating costs. The Group is actively carrying out climate change risk analysis to formulate a risk list and assess the significance of such risks over the operation, and response strategy will be developed accordingly.






## RESPOND TO CLIMATE CHANGE

### Identify and response to physical risks for climate change

Physical Risks	Potential Impacts	Timeframe	Response Measures
 <p><b>Extreme Heat</b></p>	Elevated workplace temperatures may increase employee health risks, leading to decreased productivity and higher healthcare costs.	Short to medium term	Improve the air-conditioning system, fans and ventilation facilities in the workplace to ensure the comfort and health of employees. Provide regular health checks for staff and introduce a shift system for high-temperature conditions.
	Increased risk of damage and explosion of gas storage and transportation facilities, photovoltaic and energy supply facilities may result in higher maintenance costs and losses from facility shutdowns.	Medium to long term	Enhance facility safety measures and regularly inspect and maintain equipment.
	Seasonal variations in gas demand may result in fluctuations in sales, which affects market share and income stability.	Medium to long term	Adjust the gas supply strategy and increase investment in research and development to optimize the quality control of gas appliances and adapt to changes in demand.
 <p><b>Increased Frequency and Magnitude of Extreme Weather Events</b></p>	Severe typhoons or rainstorms may cause direct damage to pipelines, storage facilities and transmission systems, resulting in interruption of gas supply. Frequent extreme weather events may weaken the structural durability of facilities and increase maintenance costs.	Medium to long term	Enhance the emergency preparedness of buildings and facilities, and regularly inspect and maintain the safety of facilities.
	Extreme weather may affect employee commuting or work safety, leading to decreased productivity and potential production safety issues.	Medium to long term	Provide safe transportation recommendations and arrangements, appropriate protective equipment and emergency drill training to ensure employee safety and health.



Physical Risks	Potential Impacts	Timeframe	Response Measures
 <b>Coastal Flood</b>	<p>Certain facilities of the Group's projects are located in coastal areas such as Zhoushan and Lianyungang. Flooding may cause direct damage to coastal gas facilities, resulting in interruption of gas supply and damage to internal facilities (such as control rooms).</p> <p>Rising sea levels will increase the risk exposure of coastal infrastructure, potentially resulting in high maintenance and retrofitting costs.</p>	<p>Short to medium term</p> <p>Medium to long term</p>	<p>Construct levees with movable waterproofing barriers in high-risk areas. Regularly inspect and maintain the waterproofing of gas facilities.</p> <p>Enhance the monitoring and early warning system to ensure emergency measures are taken in a timely manner, so as to ensure the safe operation of gas facilities and supply networks.</p>

In order to further improve the closed-loop risk management and control, the Group has specified the three principles of unified insurance, comprehensive insurance and systematic insurance. Meanwhile, the Group has formulated and issued the *Notice on the Establishment of the Group's Insurance Work Leading Group* to specify the organisational structure of the Group's insurance work and the division of responsibilities of relevant units.

During the Year, Zhongyu Energy continued the insurance work in a steady and orderly manner. The total insured assets of the gas segment increased by 17.9% year-on-year as compared with 2023. On the basis of the continuation of the unified insurance plan for 2023, the *Employer's Liability Insurance* was optimized and upgraded to expand the scope of coverage and enhance the comprehensive protection capability for the Group. The smart energy segment promulgated the *Notice on Insurance Work for Distributed Photovoltaic Power Plants of the Smart Energy Group for 2024*, which clarified the specific insurance program, the process of insurance application and the relevant work requirements to provide effective guidelines for the subsidiaries.


In 2024, a total of four subsidiaries of the Group suffered from property losses of varying extent due to extreme weather. The main cause of damage was pipeline damage caused by strong winds and heavy snow. After the accident, the relevant project companies immediately carried out emergency maintenance work to ensure the safety of the facilities and normal operation of the business. Meanwhile, the subsidiaries actively negotiated with the insurance company on claim settlement, and ultimately succeeded in obtaining their corresponding insurance compensation, which effectively reduced the economic losses caused by the natural disaster and minimized the impact on operation.

In order to effectively address disasters brought about by climate change, Zhongyu Energy continued to optimize its emergency response system. It strived to improve its on-site emergency response capability and implement a 24-hour on-duty system. The Group puts emphasis on strengthening emergency drills and training for its staff, and clarifies the damage and emergency response measures for different levels of pipeline network facilities, so as to ensure that emergency resources are always available and enhance the overall response to emergencies.




## RESPOND TO CLIMATE CHANGE

### Identify and response to transformational risks for climate change



Transitional Risks	Potential Impacts	Timeframe	Response Measures
 <b>Energy Transformational Risk</b>	<p>As the country deepens its "dual-carbon" layout, demand for traditional coal and fossil fuels is likely to decline, while demand for renewable and low-carbon energy is likely to increase. As a transitional energy source, natural gas may be subject to fluctuations in market demand, which may affect turnover. At the same time, more intense market competition may drive up the operating costs of natural gas infrastructure and lead to the risk of a short-term decline in income.</p>	Medium term	<p>Provide products and services that meet consumer preferences in response to changes in market demand. Enhance the operational efficiency of the existing natural gas infrastructure and reduce operating costs.</p>
	<p>Against the backdrop of achieving carbon neutrality, the share of renewable energy in the energy mix is set to increase significantly with technological advances and policy support, which will lead to a gradual decrease in reliance on natural gas. Natural gas infrastructure may face impairment risk, and it may continue to lose market share to hydrogen and other zero-carbon energy sources. At the same time, the further spread of low-carbon energy sources may undermine the competitiveness of traditional natural gas business.</p>	Long term	<p>Actively develop smart energy projects and renewable energy projects, such as hydrogen energy infrastructure, distributed energy, zero-carbon industrial parks, biomass power generation and other low-carbon solutions.</p>

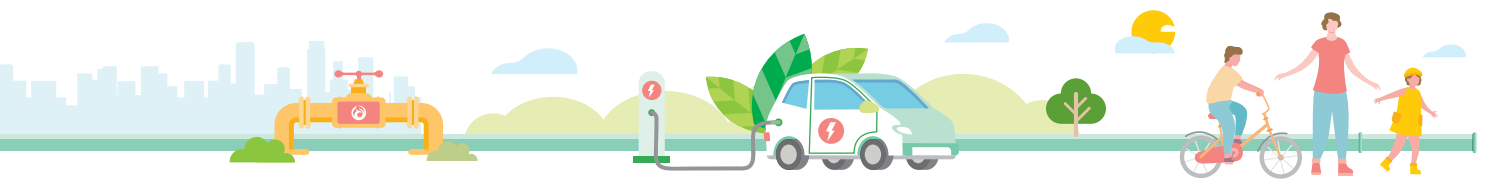


Transitional Risks	Potential Impacts	Timeframe	Response Measures
 <p><b>Regulatory and Policy Changes</b></p>	<p>Domestic environmental regulations targeting the natural gas industry may be further tightened, particularly in the area of methane emission control. For example, midstream and downstream enterprises may be required to fully implement a methane emission monitoring and reporting system, and to manage their emissions within limits. In addition, safety and efficiency standards for pipeline operations and gas storage facilities may be strengthened, which will increase compliance costs.</p>	Short to medium term	<p>Pay close attention to changes in regulations and policies, actively deploy methane emission monitoring technology, and utilize Internet of Things technology for real-time monitoring and control of pipeline networks and gas storage facilities to ensure compliance with relevant regulations and policy requirements, so as to avoid penalties and legal risks.</p>
	<p>Future regulations may require the natural gas industry to achieve zero methane emissions across the board and impose higher energy efficiency and environmental standards on midstream and downstream infrastructure. In addition, more stringent carbon tax policies may be introduced in China, which will have a direct impact on the operating costs of pipeline networks and gas storage facilities, and bring further financial pressure.</p>	Long term	<p>Upgrade and retrofit old pipelines and storage facilities to increase their energy efficiency and reduce emissions. Invest more in emission reduction technologies, such as low-cost methane recovery technologies and intelligent pipeline systems.</p>



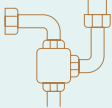

## RESPOND TO CLIMATE CHANGE

Transitional Risks	Potential Impacts	Timeframe	Response Measures
 <b>Technological Innovation</b>	<p>With the rapid development of smart energy technologies, midstream and downstream natural gas businesses are facing the pressure of digital transformation. Failure to adopt advanced technologies (e.g. AI pipeline operation and management, intelligent gas storage system, etc.) in a timely manner may result in a decline in operational efficiency and disadvantages in market competition. In addition, the introduction of new technologies requires more capital investment, which may put pressure on short-term cash flow.</p>	Short to medium term	Accelerate the intelligent transformation of natural gas, cooperate with technology companies and research institutes to reduce the risk of independent research and development, and rapidly deploy advanced technologies.
	<p>As hydrogen energy technology matures and becomes more widespread in the future, existing midstream and downstream natural gas infrastructure may need a complete revamp to cater to the transportation and storage needs of hydrogen. Failure to capitalize on the technology upgrade opportunity may result in idle infrastructure or a loss of market share.</p>	Long term	Launch a pilot hydrogen transportation project to test the adaptability of facilities and gain operational experience.
 <b>Investor Pressure</b>	<p>As investor requirements of ESG disclosure increase, midstream and downstream natural gas companies will need to disclose more climate-related data (e.g., methane emissions and reduction targets). Failure to meet investor requirements on transparency may have a negative impact on the financing capability and reputation of the Company. In addition, high-carbon businesses may face higher financing costs.</p>	Short to medium term	Proactively meet investor requirements on sustainability, enhance investor communications, and capitalize on transformation opportunities for green financing.



## SEIZE THE OPPORTUNITY OF ENERGY TRANSFORMATION



Zhongyu Energy pays close attention and actively responds to the trend of energy transformation. It continues to identify and seize the opportunities brought about by climate change to promote sustainable development.

Potential Opportunities	Description	Timeframe	Current Progress
 <p><b>Comprehensive Utilization of Natural Gas</b></p>	<p>As a clean, safe and efficient energy source, natural gas is playing a significant role in the global low-carbon energy transformation and has entered a golden period of development. The efficient and comprehensive utilization of natural gas is of great significance to the industrial and commercial sectors in reducing emissions and costs.</p>	<p>Medium to long term</p>	<p>Currently, Zhongyu Energy has formed an integrated service system of gas supply. In 2024, it further expanded its service scope, which will help more cities and regions achieve energy transformation in the future.</p>
 <p><b>Development of Hydrogen Energy Industry</b></p>	<p>As a zero-carbon energy source, hydrogen will play a key role in transportation, industry and energy storage. Zhongyu Energy will focus on the development of several technologies, such as hydrogen-enriched natural gas, pipeline transportation of hydrogen, purification and utilization of grey hydrogen, and hydrogen production from electrolysis of water.</p>	<p>Medium to long term</p>	<p>In 2024, the Group signed strategic cooperation agreements with a number of enterprises to jointly establish the hydrogen energy industry chain in Shanxi, Hebei, Shandong and Henan. It planned to construct 9 integrated energy stations, advance the exploration of the hydrogen energy corridor and the demonstration and application of fuel cell vehicles, and accelerate the promotion and commercialization of hydrogen energy in medium- and long-distance driving of medium- and heavy-duty vehicles. In addition, the Group has signed cooperation agreements with a number of international energy companies and introduced cutting-edge hydrogen energy technologies and smart energy management systems, which further improved its technology and market competitiveness.</p>





## RESPOND TO CLIMATE CHANGE

Potential Opportunities	Description	Timeframe	Current Progress
 <p><b>Smart and Integrated Energy System</b></p>	<p>The smart energy management platform will become the core tool for enterprises and communities to save energy and reduce emissions. The Group will further promote the platform and enhance its functions in the future. Looking forward, distributed energy and the multi-energy complementary system will become an important mode of energy supply, and provide stable and efficient energy solutions by combining clean energy and energy storage technologies.</p>	<p>Medium to long term</p>	<p>Zhongyu Energy actively cooperates with the government in promoting energy transformation. To support the carbon neutral strategy, it has established a low-carbon smart energy system by utilizing intelligent information technology, with a focus on the development of distributed energy, regional energy supply and new energy charging facilities.</p> <p>In 2024, the Group upgraded its smart energy management platform to enhance operational efficiency through streamlined management. It also promoted photovoltaic, natural gas and energy storage technologies in industrial parks and public buildings. At the same time, the Group has launched a new generation of smart charging points and built new energy charging stations in various cities to promote the application of green energy and support the carbon neutral strategy.</p>
 <p><b>Zero-Carbon Industrial Park and Smart Microgrid</b></p>	<p>Zero-carbon industrial parks and clean and smart microgrids will become benchmarks for low-carbon transformation and will be promoted in more regions in the future.</p>	<p>Medium to long term</p>	<p>The Group has constructed zero-carbon industrial parks and clean and smart microgrid projects in various regions. It achieved energy self-sufficiency and zero-carbon emission through the integration of photovoltaic, energy storage and the smart energy management platform.</p>



Potential Opportunities	Description	Timeframe	Current Progress
 <p><b>Biomass Energy Supply</b></p>	<p>As an important component of renewable energy, biomass energy will play an important role in rural areas and the industrial sector in the future. It can reduce production costs for enterprises, help build zero-carbon factories and promote low-carbon transformation.</p>	<p>Medium to long term</p>	<p>In 2024, the Group commenced a biomass boiler project in Puyang Advanced Manufacturing Park and established a joint research centre for zero-carbon application of biomass gasification in cooperation with the School of Environmental Science and Engineering of Tianjin University. By capitalizing on the strengths of all parties in market application, project implementation, scientific innovation, and technology research and development, the Group is able to join hands with the university team to solve crucial technological problems in the field of biomass gasification for heating, so as to research and develop more efficient, environmentally friendly, economical and reliable biomass gasification equipment and solutions for heating purposes.</p>



## RESPOND TO CLIMATE CHANGE

During the Year, Zhongyu Energy diversified its business through the in-depth integration of the smart and integrated energy system. It actively grasped the opportunities brought about by climate change, and conducted thorough research in the areas of hydrogen energy, zero-carbon industrial parks, and biomass energy to achieve business diversification. In the future, the Group will continue to step up its efforts in technological innovation and market expansion, thereby contributing more to achieving the goals of carbon neutrality and energy transformation.

### Case Study

#### Puyang Fuelling, Hydrogen Filling and Charging Integrated Energy Station

In August 2024, the Group successfully put into operation its first integrated energy station for fuelling, hydrogen filling and charging in Puyang County, with a total area of 14.1 mu. The integrated station incorporates various energy sources including diesel (7 tonnes/day), gasoline (5 tonnes/day), hydrogen (500 kg/day) and electricity (240kW). It attracts different types of vehicles seeking refuelling, thereby providing diversified energy services to Puyang and its neighbouring areas.

The station is equipped with a high-tech safety monitoring system, which monitors the transportation and storage of hydrogen, fuel oil and electricity 24 hours a day, so as to detect and warn against potential hazards in real time throughout the process. At the same time, professional personnel strictly follow hydrogen filling procedures and apply intelligent charging technology to ensure the safety of each operation. With its efficient operation model, the integrated energy station has become a solid cornerstone of the “Hydrogen Corridor” plan of Zhongyu Energy, setting a benchmark for regional green energy transformation.





## Case Study

### Hubei Household Photovoltaic Batch Development Project

In 2024, in response to the policy of new energy and integrated development, the Group successfully launched the household photovoltaic batch development project in Hubei Province. It completed the development of 433 household photovoltaic power stations. The project enabled local power generation, self-production and self-consumption of power, and grid connection of surplus electricity on the resident end by means of distributed photovoltaic technology, which effectively enhanced energy utilization efficiency and reduced power transmission loss over long distance. The whole process of photovoltaic power generation does not produce carbon dioxide, sulphur dioxide and other pollutants. As there is no carbon emission, it helps Hubei Province reach its carbon peak and carbon neutrality goals. Meanwhile, the project has driven the development of upstream and downstream industries such as silicon processing and photovoltaic module production, installation, operation and maintenance, thereby creating job opportunities and promoting the upgrading of green industries. The Group's leading technological strength and efficient operation model ensured the successful completion of the project, which became a demonstration of clean energy application in Hubei Province and contributed to the optimization of the energy structure and sustainable development in the region.







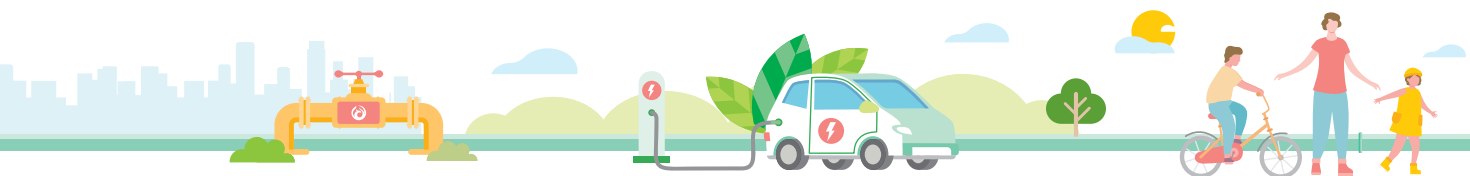
## RESPOND TO CLIMATE CHANGE

### Case Study

### Puyang Biomass Energy Supply Project

In September 2024, the Group successfully put into operation the zero-carbon energy system application project for a 15-ton biomass boiler in Puyang County. As the Group's first clean energy project that uses biomass as the fuel, the project has an annual steam supply capacity of up to 120,000 tonnes. Biomass energy is a renewable resource coming mainly from agricultural and forestry waste. Through the construction of this project, agricultural and forestry wastes are efficiently converted into steam energy, which reduces the dependence on fossil energy sources such as coal and natural gas. Contrary to traditional fossil energy, the amount of carbon dioxide emitted by biomass fuels during combustion is basically the same as the amount absorbed by them during the growth process, thus they can contribute to the goal of carbon neutrality and mitigate the greenhouse effect. At the same time, the project effectively disposes of a large amount of agricultural and forestry waste and avoids the pollution problems caused by its open burning or natural decay. This facilitates the utilization of waste as resources and forms a green recycling industry chain, which further promotes the adoption and application of renewable energy.





## GREENHOUSE GAS EMISSION MANAGEMENT

To achieve the goals of sustainable development and green development, Zhongyu Energy has always devoted itself to reducing its own carbon footprint. In response to the objectives of the *Paris Agreement*, the Group has entered into a three-year Sustainability-linked Loan (SLL) in 2020 and set a short-term target of “reducing 1.5% Scope 1 and Scope 2 greenhouse gas emission per year until 2023 based on 2020 levels”. The Group has achieved the emission reduction target for three consecutive years and has successfully fulfilled the carbon reduction commitment, thereby demonstrating our strong dedication and execution on environmental sustainability.

Looking ahead, the Group is actively exploring and setting longer-term carbon reduction targets to further promote a low-carbon transformation that helps the world cope with climate change. We will continue to optimize our business model, enhance energy efficiency and seek more innovative emission reduction measures to establish a more sustainable development path.

In 2024, the Group’s total greenhouse gas emissions were approximately 28,996.1 tonnes of CO<sub>2</sub> equivalent with a greenhouse gas intensity of approximately 5.7 tonnes of CO<sub>2</sub> equivalent per capita. Among them, total Scope 1 and Scope 2 emissions were 28,313.9 tonnes of CO<sub>2</sub> equivalent, representing a decrease of 4% compared with last year.

Greenhouse gases	Unit	2024	2023	2022
<b>Scope 1 Direct greenhouse gas emission</b> (includes greenhouse gas emissions from stationary and mobile fossil fuel combustion, and fugitive emissions from refrigerants and fire extinguishing agents)	Tonnes of CO <sub>2</sub> equivalent	<b>15,995.7</b>	18,218.1	18,681.3
<b>Scope 2 Energy indirect greenhouse gas emission</b> (includes indirect emissions from purchased electricity consumption)	Tonnes of CO <sub>2</sub> equivalent	<b>12,318.2</b>	11,258.6	11,341.5
<b>Scope 3 Other indirect greenhouse gas emission</b> (includes waste paper disposal, water sourcing, sewage discharge and business travel by planes)	Tonnes of CO <sub>2</sub> equivalent	<b>682.1</b>	609.0	362.0
<b>Total greenhouse gas emission</b>	Tonnes of CO <sub>2</sub> equivalent	<b>28,996.1</b>	30,085.7	30,384.8
<b>Greenhouse gas emission intensity (in terms of the number of employees)</b>	Tonnes of CO <sub>2</sub> equivalent/person	<b>5.7</b>	5.9	6.0
<b>Greenhouse gas emission intensity (in terms of the turnover)</b>	Tonnes of CO <sub>2</sub> equivalent/HK\$'000	<b>0.002</b>	0.002	0.002
<b>Methane emission (gas leakage emission)<sup>(1)</sup></b>	Tonne	<b>4,799.1</b>	4,696.6	4,007.1

Notes:

- (1) The methane emissions due to gas leakage were estimated based on the default emission factors from the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of China’s Petroleum and Natural Gas Production Enterprises* and the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)*. As the measurement standard for methane emissions due to gas leakage has not been unified across countries, the estimated methane leakage emission for the Year is excluded from the total greenhouse gas emissions of the Group. As the total length of the Group’s transportation pipelines is increasing every year, the methane leakage emission is also increasing. This figure is based on estimation. It is not derived from actual measurement results at the project level and is provided for reference only.





## RESPOND TO CLIMATE CHANGE

### METHANE EMISSION MANAGEMENT

Reduction of methane emissions is an important part of global greenhouse gas emission reduction, and is the most direct and effective way to slow down the pace of climate warming in the short term. However, the methane emission sources in the natural gas industry are complex and diverse, and there are highly uncertain emission sources. There are many challenges, including the lack of accurate identification of key emission sources, emission monitoring and auditing.

During the Year, the Group continued to carry out the upgrade of methane emission monitoring technologies. The goal is to establish reliable methane fugitive emissions data for at least two years and incorporate it into the emissions reduction target, while implementing methane reduction measures.

### Cloud-Based Laser Natural Gas Leakage Monitoring System

At present, all of the Group's gas stations adopt a cloud-based laser natural gas monitoring system combining Tunable Diode Laser Absorption Spectroscopy (TDLAS) technology and IoT technology to provide real-time full-coverage leakage monitoring for equipment and pipelines in gas stations. The system is to achieve a high-performance and high-reliability leakage monitoring system for gas stations, which can be operated independently and can be integrated with the station control system, forming a complete station safety operation system plan. The methane monitoring equipment of the system can accurately monitor the natural gas leakage information in the air at the large-scale monitoring station around the clock, quickly identify and lock the location of the leakage point and immediately trigger the alarm procedures, guide the operators to quickly deal with the natural gas leakage problem, and start the alarm video recording throughout the whole process until the leakage point is handled by the experimental personnel, so as to effectively prevent the safety risks caused by natural gas leakage.



Cloud-Based Laser Natural Gas Leakage Monitoring System



### Vehicle-Mounted Laser Natural Gas Leakage Detection System

A ppb-level (parts per billion) vehicle-mounted laser natural gas leakage detection system has been adopted by the Group to achieve no-dead-angle and full-coverage leakage detection of natural gas pipes. The system uses the vehicle as the carrier, integrates with the high-precision methane/ethane mid-infrared laser spectrum detector, Beidou precise positioning module and ultrasonic anemometer, and adopts the atmospheric dispersion transport model to deduce the scope of the leakage source location, in order to quickly and precisely identify the leakage location and thus mitigate the risk of leakage of the natural gas pipeline network.



Vehicle-Mounted Laser Natural Gas Leakage Detection System

### Unmanned Natural Gas Leakage Patrolling Detection System

This system utilizes drones equipped with high-definition cameras and laser methane remote sensors, leveraging advanced TDLAS technology to rapidly and accurately detect natural gas leaks. It captures high-resolution images of abnormal alarm points in real time, rapidly identifies and pinpoints the leak location, and triggers an alarm procedure. By transmitting video data in real time via a 4G network, the system enables remote monitoring, effectively reducing the risk of natural gas leaks while enhancing inspection efficiency and safety.



Unmanned Natural Gas Leakage Patrolling Detection System



## RESPOND TO CLIMATE CHANGE

### “Pipeline-network Sentinel” Monitoring System

The “Pipeline-network Sentinel” monitoring system is adopted to realise 24-hour real-time leakage monitoring of pipeline networks. The system combines the characteristics of the gas pipeline network to select key areas for monitoring and early warning, and selects different types of detection equipment for installation and use, taking into account the actual conditions of the on-site terrain and pipeline network facilities. As such, the system can monitor the risks of, among others, natural gas pipeline leakage and third-party construction damage in real time, and further enhance the grade level of pipeline safety and protection.



“Pipeline-network Sentinel” Monitoring System

Looking forward, the Group will continue to strengthen technological innovation and management innovation to promote the identification and control of methane emissions. The Group will also actively adopt innovative methane emission reduction technologies and best practices, and promote the implementation of methane emission reduction by ways of, among others, institutional governance and market mechanisms.

### LOOKING AHEAD

The Group will actively respond to the latest climate change disclosure requirements of the Hong Kong Stock Exchange. It will further improve its internal data collection and management system, and expand the scope and depth of its ESG reporting to ensure that more transparent, comprehensive and accurate information will be provided to shareholders and stakeholders. The Group will strengthen cooperation with third-party professional institutions to carry out comprehensive climate scenarios analysis, so as to quantify the potential impact of climate change on the Group’s financial performance. It will incorporate the results of the analyses into its risk management policies and investment decision-making process.

At the same time, the Group will further clarify and strengthen the supervisory responsibilities of the management in addressing climate change. It will convene regular meetings on climate change for the discussion and evaluation of the implementation of the Group’s climate change strategy, in order to ensure that climate change issues become a core component of the Group’s business operations and long-term development plan. The Group will also regularly review the greenhouse gas emissions from business operations and the effectiveness of existing emission reduction measures. It will strive to establish a low-carbon working environment, and review and propose solutions to improve the emission reduction targets as necessary.



## ENVIRONMENTAL PROTECTION

Zhongyu Energy always adheres to the philosophy of low-carbon and green development, actively undertakes environmental responsibilities, conforms to the trend of energy transformation, and contributes to realising the national “carbon neutrality” goal.

### ENVIRONMENTAL MANAGEMENT POLICY

In order to reduce the impact of its daily operations on the environment, Zhongyu Energy strictly abides by the environmental laws and regulations of each operating region, such as the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Waste Disposal Ordinance*, the *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Soil Pollution* and the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, as well as the *Environmental Policy* of the Group, and are committed to continuously improving the environmental and resource management system. During the Year, there were no reported cases of non-compliance in respect of emission or the environment.

Zhongyu Energy recognises that its business operations may make certain potential impacts on the surrounding environment and natural resources. As one of the leading national energy service companies, the Group strives to promote energy transformation and enhance its ability to supply clean energy, thereby helping its end users to reduce air pollution caused by the use of fuels with high greenhouse gas emission. The Group always adheres to the principle of sustainable development and strictly implement its internal *Environmental Policy*, and sets ecology protection and clean energy development as its core work direction. The Group actively promotes the energy conservation and emission reduction programs through enhancing its natural gas management and cooperating with relevant government departments, and is committed to minimise the impact of its business operations on air pollution under the framework of carbon neutrality target. In the future, the Group will continue to develop clean and efficient smart energy and distributed energy projects to further improve comprehensive energy utilization, with a view to contribute to the optimization of the energy structure and the achievement of emission reduction targets.

At the same time, the Group promises to adhere to the principle of scientific site selection during the pipeline construction and avoid causing disruption to ecologically sensitive areas as much as possible. Before the commencement of all projects, the Group strictly follows the legal process of environmental impact assessment to comprehensively analyze, predict, and evaluate the potential environmental impact of the project, and formulate corresponding preventive and mitigation measures. During the entire project design, construction, and operation, pollution prevention and control and supervision inspections should be strictly implemented in accordance with internationally recognized environmental protection standards by the Group to minimise the impact on natural ecology and habitats, and effectively protect the biodiversity and sustainability of natural resources.





## ENVIRONMENTAL PROTECTION

### AIR EMISSION MANAGEMENT

The main sources of exhaust emissions of the Group include nitrogen oxides, sulphur oxides and particulate matter generated from the use of natural gas transport vehicles, business vehicles, and the combustion of fossil fuel in backup generator facilities and boilers. We are highly aware of the carbon footprint during our operation, and strive to adopt effective measures to reduce exhaust emission and minimize the environmental impact of our business.

Type	Unit	2024
Nitrogen oxides NO <sub>x</sub>	kg	12,926.5
Sulphur oxides SO <sub>x</sub>	kg	257.7
Particulate matter PM	kg	520.8

With the constant growth of natural gas business, the Group is deeply concerned about the carbon emissions and air pollution issues in the transportation sector. The Group plans to gradually replace traditional fuel vehicles with LNG (liquefied natural gas) fueled tank vehicles for the transportation vehicles of energy trading companies, so as to accomplish the transportation of natural gas in a more efficient and low-carbon manner. Meanwhile, with an aim to facilitate the clean fuel transformation for its own vehicles, the Group formulated a clear policy, which mandates that all newly purchased commercial and repair vehicles must be electric vehicles to gradually achieve the overall low-carbon transformation of vehicle operations.

In addition, the Group also actively promotes the concept of green transportation and encourages employees to adopt low-carbon travel methods such as shared bicycles, electric vehicles and public transportation, and internally advocates and implements relevant low-carbon travel policies to create a green travel culture. Natural gas is used as the fuel for the staff canteen equipment (such as generators and boilers) at the Group's production plant, which can effectively enhance the energy use efficiency and reduce air emissions from stationary combustion.

Looking ahead, the Group will continue to increase its investment in green and low-carbon transportation sector, explore more innovative emission reduction technologies and solutions, for the sake of making contribution to the realization of sustainability goals.



LNG tank vehicles of Zhongyu energy trading companies



## WASTE MANAGEMENT

During the Year, the Group generated a total of 100.2 tonnes of waste, including 5.5 tonnes of hazardous waste (such as waste batteries and waste oil) and 94.7 tonnes of non-hazardous waste (including office waste and general waste).

Types of wastes	Disposal methods	Unit	2024
Non-hazardous waste	Classified for recycling and processed by municipalities	Tonne	<b>94.7</b>
Hazardous waste	Periodically collected and processed by qualified contractors	Tonne	<b>5.5</b>

Zhongyu Energy has implemented several waste control and resource utilization measures, carried out waste classification management and recycled all resources as much as possible, thereby reducing environmental pollution. Specific measures include:

- adopt the “4R” principle to manage wastes by “reducing”, “reusing”, “recovering” and “recycling”
- put the waste management system into practice based on the principle of reducing waste at source, and ensure that relevant staff understands the disposal requirements of hazardous and non-hazardous waste
- Green procurement – understand the amount of materials consumed, avoid over-purchasing, and select materials/products with recycled content
- Set up waste separation and recycling facilities to handle all recyclable materials separately, such as metals, plastics, toner cartridges, batteries, etc.
- Set up recycling corners to promote and publicise various environmental protection activities
- Appoint specialists to regularly examine the situation of waste disposal and recycling, and review waste reduction targets and measures

In order to protect natural resources and reduce pollution, the Group has also established a number of measures to help the office reduce the generation of waste paper. For example, single-sided paper and brand-new paper are placed on different paper trays of photocopiers to encourage employees to print or photocopy on both sides of the paper in black and white, and to purchase paper with recycled content for the printing of newsletters, brochures, leaflets, business cards, envelopes, letters, etc. The Group also encourages employees to transmit documents electronically to reduce unnecessary printing. Single-sided paper collection boxes and paper recycling bins are also placed next to printers to promote paper reuse and recycling.



## ENVIRONMENTAL PROTECTION

### ENERGY USE MANAGEMENT

The Group strives to continuously optimise its energy usage structure and energy efficiency, and strictly abide to its internally formulated *Environmental Policy*, in order to achieve the goal of clean, efficient and sustainable energy management.

In the Year, the total consumption of Zhongyu Energy is 339,943.4 GJ, mainly arising from the diesel, gasoline, LNG, LPG and purchased electricity used during the operation of offices, gas stations, business vehicles, equipment of gas-filling vehicles and the construction of pipelines.

Indicator	Unit	2024
Purchased electricity	MWh	22,950.9
Gasoline	Tonne	2,580.3
Diesel	Tonne	62.6
LNG	Cubic meter	3,686,468.0
LPG	Tonne	0
Total energy consumption <sup>(1)</sup>	GJ	339,943.4
Energy consumption intensity (in terms of the number of employees)	GJ/employee	66.9
Energy consumption intensity (in terms of turnover)	GJ/HK\$'000	0.03

Note:

- (1) Total energy consumption includes purchased electricity, gasoline, diesel, LNG and LPG consumption. The unit conversion factors from *China Energy Statistical Yearbook 2023* were adopted and the unit of energy was uniformly changed to GJ.



Zhongyu actively promotes green and energy-saving office and operation models to meet the needs of sustainable development of enterprises for energy conservation, carbon reduction and efficient operation and maintenance. In order to reduce energy waste, the Group has clarified the responsibilities of middle management personnel of each department in terms of electricity consumption. In addition, the Group has also adopted various effective energy conservation measures to minimize energy consumption during office operation. These measures include but are not limited to:



#### **Increase the utilisation rate of new energy vehicles**

- Newly purchased vehicles must be new energy vehicles
- New energy vehicles will gradually replace fuel vehicles
- New energy vehicle will be “rented” instead of “purchased”
- Using two-wheel electric vehicles for pipeline patrol and inspection



#### **Low-carbon office mode**

- Paperless office, recycling and reuse of waste single-sided paper
- Renovation and reuse of old furniture
- Set up shared office stationery areas and reduce the use of disposable items
- Turn off the power when leaving the office
- Adopt natural ventilation for air exchange as appropriate, and set the temperature of air conditioning at no lower than 26°C when manual cooling is required



#### **Office lighting**

- Adopt energy-saving lighting fixtures with electricity saving and high efficiency
- LED lighting will gradually replace traditional lighting
- Switch off unnecessary basic lighting during lunch break

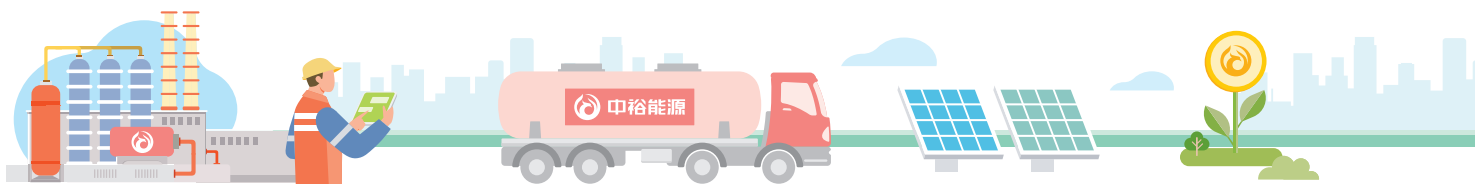


#### **Energy Saving and Consumption Reduction Measures**

- Upgrade the electrical circuit facilities in the office area to achieve automatic power cut function
- Installation of inverter control facilities for central air-conditioning
- Install reactive power compensation cabinets to reduce grid loss
- Utilize the price difference between peak and off-peak electricity rates to start up gas filling stations

In the future, Zhongyu Energy will continue to review its efforts in saving electricity in its operating facilities and offices and strengthen its energy management to improve the Group’s energy use efficiency and contribute to sustainable development.





## ENVIRONMENTAL PROTECTION

### Case Study

### Low Carbon Management Practices in Zhongyu Energy's Smart Buildings

Zhongyu Energy's Beijing headquarter office building and Luohe Zhongyu Gas's office building have commenced a low-carbon building lightweight transformation through innovative energy management technologies, including facility and equipment pan-connectivity, energy consumption model-building, reasonable energy use benchmarking setting and early warning mechanisms, while advocating green office by measures such as setting up a green recycling station and an office supply sharing area. It might be worth mentioning that we have adopted a gas-fired heat pump (GHP) air-conditioning system, a smart air-conditioning management system and a distributed photovoltaic system in our Beijing headquarter office building to provide an integrated energy supply solution for cooling, heating and clean electricity. With the smart air conditioning management system, the approaches of IoT smart gateway, data collection gateway and multi-function sensor, as well as the multiple wireless protocols DTU are adopted to achieve the precise optimization of air conditioning operation and 15% energy saving. A distributed photovoltaic system was deployed on the roof of the building, with an installed capacity of 412kW, equipped with 769 pieces of 535W photovoltaic modules, and connected to the microgrid of industrial park, which can supply up to 454,000kWh of clean electricity annually and reduce carbon dioxide emissions by 323.2 tonnes/year, thus effectively increasing the energy self-sufficiency rate and reducing the reliance on the external power grid. These initiatives have effectively lowered the operating costs and carbon emissions of the buildings, setting an example of sustainable development for the industry, and have been awarded the "Hong Kong Green and Sustainability Contribution Awards 2024" and the "Gold Seal for Contribution to Sustainable Property/Facility – Promote Environmental Protection".





## WATER RESOURCES USE MANAGEMENT

Zhongyu Energy values the use of water resources and advocates water conservation, while strictly abides the internally formulated *Environmental Policy*.

The Group aims to reduce per capita water consumption intensity continuously by adopting various water conservation technologies, such as the installation of water-saving faucets, water-saving toilet systems, and the optimization of operational efficiency of water facilities, with a view to enhance the level of water management and minimize the wastage of water resources. In addition, the Group has also posted water-saving slogans in various operation sites, educated staffs to save water and encouraged them to treasure water resources, thereby improving management of water resources in various operation sites. Such measures are helpful to improve employees' knowledge and awareness of environmental protection, thereby promoting the universality and promotion of environmental protection concept.

In the Year, the total water consumption of the Group was approximately 133,159.1 cubic meters, which was mainly for municipal water supply, and no problem was encountered for obtaining suitable water sources.

Indicator	Unit	2024	2023	2022
Total water consumption	Cubic meter	<b>133,159.1</b>	184,277.8	144,049.5
Water consumption intensity	Cubic meter/person	<b>26.2</b>	36.2	28.4





Looking ahead, the Group will continue to reinforce the management of water resources, explore the application of more innovative water conservation technologies and incorporate the concept of water conservation into its daily operations and management.



## ENVIRONMENTAL PROTECTION

### ENVIRONMENTAL TARGETS

The Group regularly reviews the progress of ESG targets on an annual basis and provides guidance for various departments to promote the implementation of related work tasks, ensuring sustainable development and low-carbon elements are incorporated in all aspects of its operations and business decisions. Currently, the Group has set the following environmental goals to further enhance its environmental management level and minimize the impact of its business operations on natural resources:

Environmental targets	Content
 <b>Exhaust emission reduction target</b>	<ul style="list-style-type: none"> <li>• Strengthening vehicle exhaust inspection</li> <li>• Give priority to purchasing new energy and clean energy vehicles (LNG vehicles and pure electric vehicles)</li> <li>• Promoting low-carbon commuting</li> </ul>
 <b>Energy saving target</b>	<ul style="list-style-type: none"> <li>• Procure energy-saving equipment, implement energy-saving plans, reduce electricity consumption</li> <li>• Regular review of energy efficiency and management system</li> </ul>
 <b>Waste reduction target</b>	<ul style="list-style-type: none"> <li>• Establishing a green and low-carbon office system</li> <li>• Reduce the use of disposable materials</li> <li>• Promote waste recycling and reuse</li> </ul>
 <b>Water conservation target</b>	<ul style="list-style-type: none"> <li>• Advocate water conservation for cleaning</li> <li>• Procurement of water-saving equipment</li> <li>• Explore more effective water-saving technologies</li> </ul>



## PEOPLE-ORIENTED

Zhongyu energy adheres to the talent development concept of “people-oriented”, and always puts the wellbeing and safety of employees in the first place. We are committed to creating a healthy, safe and harmonious working environment where employees can realise their values and grow together with the Company.

### EMPLOYMENT AND RIGHTS OF EMPLOYEES

The Group emphasises talent management and strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China* and the *Employment Ordinance (Chapter 57 of the Laws of Hong Kong)*. As such, internal policies such as *Management Measures for Back-up Cadres of Zhongyu Gas*, *Management Measures for Employee Rewards and Punishments* and *Management Regulations on Personnel Rejection* were formulated to improve the employment relationship and promotion mechanism, and regulates the Group's efforts in equal opportunities, diversity and anti-discrimination and other aspects, with the goal of establishing a diverse and equal work environment. Meanwhile, each subsidiary has gradually formulated and improved the *Organisational Discipline Management System*, *Human Resources Management System*, *Subsidiary Welfare Payment Regulations* and *Labour Management System* to further improve the employment system framework of the Group. This protects the legitimate rights and interests of employees, and comprehensively covers areas of compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other treatment and benefits.

The Group has formulated and published the *Employee Rights and Benefits Statement* so as to ensure that the Company's employees are entitled to a comprehensive range of rights and benefits. The statement is our commitment to the welfare of our employees and aims to establish a fair, healthy and safe working environment.

### EQUAL OPPORTUNITY, DIVERSITY AND ANTI-DISCRIMINATION

The Group is committed to providing equal opportunities for all employees and promoting the creation of a diverse and inclusive working environment. We respect and value the uniqueness of each employee, strictly adhere to the principle of equal opportunities in all employment matters, ensure that each employee is treated with respect and fairness. The Group prohibits any discrimination based on factors such as gender, disability, pregnancy, family status, race, colour, religion, age, sexuality, nationality or union membership, and actively encourages the joining of disabled people by providing them with a supportive working environment.

We are fully aware that equality, diversity and inclusion are the cornerstones of attracting and retaining talented people and the key to the sustainable development of the enterprise. Therefore, the Group will make consistent efforts to improve its policies to promote a culture of inclusion and create an environment which is conducive to the development of our employees and corporate growth, thereby ensuring that every employee can realize the self-value and work together to promote corporate success.



## PEOPLE-ORIENTED

### Employees data

During the Year, Zhongyu Energy had a total of 5,146 employees.

Number of employees		Unit	2024	2023
<b>By geographical region</b>	Mainland China	Person	<b>5,132</b>	5,073
	Hong Kong, China	Person	<b>14</b>	14
<b>By gender</b>	Male	Person	<b>3,404</b>	3,346
	Female	Person	<b>1,742</b>	1,741
<b>By employment type</b>	Full-time employees	Person	<b>4,917</b>	4,803
	Part-time employees	Person	<b>229</b>	284
<b>By age</b>	30 years old and under	Person	<b>1,226</b>	1,285
	Between 31-40 years old	Person	<b>2,162</b>	2,069
	Between 41-50 years old	Person	<b>1,204</b>	1,213
	Over 50 years old	Person	<b>554</b>	520
<b>By position level</b>	Senior management	Person	<b>291</b>	286
	Middle management	Person	<b>636</b>	605
	General employees	Person	<b>4,219</b>	4,196

Employee turnover rate		Unit	2024	2023
<b>By geographical region</b>	Mainland China	Percentage	<b>4.5</b>	5.5
	Hong Kong, China	Percentage	<b>0.0</b>	0.0
<b>By gender</b>	Male	Percentage	<b>5.3</b>	6.3
	Female	Percentage	<b>3.0</b>	3.9
<b>By age</b>	30 years old and under	Percentage	<b>6.4</b>	9.0
	Between 31-40 years old	Percentage	<b>4.1</b>	4.4
	Between 41-50 years old	Percentage	<b>2.7</b>	4.0
	Over 50 years old	Percentage	<b>6.0</b>	4.8

Meanwhile, the Group encourages employees to actively make suggestions and advice for the Group's development and provide channels for them to reflect their opinions or suggestions. Whether there are comments on operation and management, or objections to the matters involving self-interest, such as job remuneration and benefits, performance appraisal, rewards and punishments, employees may report to higher level or relevant departments according to their responsibilities. We will also formulate a reporting mechanism on anti-discrimination and anti-harassment in the workplace, so as to ensure that relevant complaints are fairly and impartially handled. Upon receiving consultation or feedback from employees, the management will explain or take appropriate measures according to their authorities.

During the Year, there were no reported cases of non-compliance related to employment.



## Compensation system

The Group provides competitive remuneration packages in a diversified structure of “salary + year-end bonus + allowance” and implement unified remuneration system in all city gas subsidiaries. Meanwhile, the Group also enforces a performance management and employee reward and punishment system to promote the continuous improvement of employees and enhance their work motivation and efficiency through an incentive mechanism. To achieve the principles of fairness and motivation, the Group has implemented a differentiated bonus distribution mechanism to provide employees with equal and encouraging rewards based on their contribution, value created and actual effort, ensuring the remuneration system is both fair and motivating.

## Working hours and holidays

The Group promises to reasonably arrange the staff working hours, rest period and leave in strict compliance with the laws and regulations of the place of operation. If overtime work is required, it has negotiated with its employees that compensatory time-off or overtime allowance would be granted in accordance with the law. Statutory holidays are full-paid holidays, and the actual number of days shall be subject to the notice issued by the General Office of the State Council. Other paid leaves include annual leave, marriage leave, bereavement leave, maternity leave, paternity leave, medical sick leave, work injury leave, International Women’s Day leave and family reunion leave, which the corresponding salary are paid in accordance with relevant national regulations and the existing leave management policy of the Group.

Each unit will make specific arrangements for leave according to the actual production and operation and the nature of the position. Employees applying for such leaves shall stick to the leave approval procedures in accordance with the management system of the Group and its subsidiary. Completion of approval information is necessary for the approval and payment of paid holiday to employees.

## Other benefits and welfare

The Group implements a unified benefit system for all employees and makes sure the distribution standard is consistent. Meanwhile, employees are guaranteed various statutory benefits in accordance with the law, and are provided with corporate benefits in consideration of actual situation. The statutory benefits of employees (including social insurance and housing provident fund) are paid by their unit in accordance with local policy and relevant requirement of the Group. For the employees who are non-full-time labour dispatched employees, and other labour personnel, their statutory benefits shall be implemented as stipulated in their contracts.

In addition, the Group provides various corporate benefits to its employees, specifically including:



- **Holiday benefits:** Lunar New Year, Mid-autumn Festival, Dragon Boat Festival benefits, birthday parties and International Women’s Day benefits for female employees.
- **Seasonal benefits:** subsidies for hot summers and cold winters.
- **Annual medical checkup:** provides an annual medical checkup for employees who passed their probation.
- **Union benefits:** include condolences in respect of marriage, illness and funeral of employees and their immediate family members; organise cultural activities outside work for employees to participate in with a view to enriching their lives; and implement flexible duty reporting arrangement during important events to enhance the work-life balance among employees.
- **Staff restaurant and staff dormitory:** provides convenient dining environment and accommodation arrangement for staff to improve their working and living conditions.



## PEOPLE-ORIENTED

### LABOUR STANDARDS

The Group respects human rights and strictly complies to the relevant laws and regulations such as the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors* and the *Employment Ordinance of Hong Kong*, as well as formulating internal management measures such as the *Management System of Human Resources*. The Group prohibits the employment of child labour and forced labour in the workplace, requiring employees and business partners to comply with relevant preventive and remedial measures, and strives to safeguard the legitimate interests of employees and ensure to protect them from infringement.

Scope	Management measures
 <b>Child labour</b>	<p>The Group stipulates that all employees shall meet the minimum age requirement stated in local law and shall strictly verify the age of applicants during recruitment process. If a child labour is employed by mistake, he/she will immediately be stopped from working and medical examination will be arranged to ensure that he/she did not suffer any physical health issue during the working period. Meanwhile, the relevant person in charge shall contact his/her guardian or local education department to arrange for his/her proper return to his/her families or schools. All relevant costs incurred will be borne by the Group.</p>
 <b>Forced labour</b>	<p>The Group prohibits any form of forced labour and ensures that all employees are working voluntarily, and entitled to resign in accordance with the requirements of their labour contract. Pursuant to the relevant labour management requirements, if employees are required to work overtime or be on duty during holidays must obtain prior approval from the general manager. In the event of any forced labour, relevant person in charge shall subject to disciplinary action according to the procedures. In principle, the Group encourages employees to complete their tasks within the specified working hours and does not advocate working overtime, with an aim to protect the employees' right to rest and freedom. Employees have the right to freely leave the workplace and dormitory area during non-working hours to ensure that their personal freedom is not restricted.</p>

Upon internal audits and compliance inspections, during the Year, there were no reported cases of non-compliance related to the use of child labour or forced labour.





## TALENT TRAINING

The growth of a company is inseparable from the continuous development of its employees. The Group fully concerns the selection, employment, training and retention of talents. It constantly improves the talent training system. Through the exploration and training of outstanding talents, the Group continuously strengthens the construction of talent teams at all levels. The Group is committed to providing employees with more learning opportunities and a broad career development platform to help them grow together with the company. The Group also regularly evaluates the work performance of its employees on an annual basis, which serves as an important reference for their promotion.



The Group continued to expand training forms, enrich training contents and explore training resources, and gradually established a diversified training system for different levels with combination of internal and external training. In order to support all-round learning for employees, the Group built and operated the “Cloud Learning” platform, covering the entire process of “measuring, learning, practicing, examining and applying” for online learning, creating an online and offline integrated learning model, and promoting the continuous transformation and application of knowledge. Currently, the Group’s “Cloud Learning” platform has accumulated nearly 2,000 courses online, and new courses are updated regularly to enrich its learning resources for employees.





## PEOPLE-ORIENTED

The Group is committed to assisting in the career development of employees, improving employee satisfaction and work enthusiasm, and providing a wide range of training for employees covering new and existing employees at all levels to promote the mutual growth of the employees and the enterprise.



<b>Three-level qualification certification system</b>	<p>In order to help employees at all levels to reserve necessary management knowledge and skills in advance, and provide learning and development support for systems such as "knowledge, thinking and ability", the Group has established a "qualification certification" training mechanism as an entry condition for senior management, middle management, team leaders/supervisors of subsidiaries.</p>
<b>Various echelon training programmes</b>	<p>According to the establishment of the Group's talent echelon, combined with the actual business and personnel characteristics of key groups of each echelon, the Group sorted out the learning and improvement needs of various personnel, created tailor-made training programmes, and continuously improved the professional capabilities of each group.</p>
<b>Professional skills training</b>	<p>The Group organised the business backbone of each subsidiary to form an internal trainer team, carried out curriculum development based on the experience extracted from various grassroots positions, and formed professional skills training for the "should know and should do" knowledge of each position.</p>
<b>Front-line practical training</b>	<p>The Group attaches great importance to vocational skills training for front-line employees, and has built a professional training base in Jiaozuo City, Henan Province. The base serves as the main base of the Group's practical training and plays an important role in promoting business development. The base also undertakes the social functions of vocational training in local gas industry.</p>



## Employee training program

Zhongyu Energy values talent cultivation and has established an annual training plan for its staff. The Group continues to enhance the overall competitiveness of both employees and the enterprise and achieve mutual growth by continuously promoting mentoring programs, regular optimizing management systems, upgrading online training platforms, and enriching training courses.

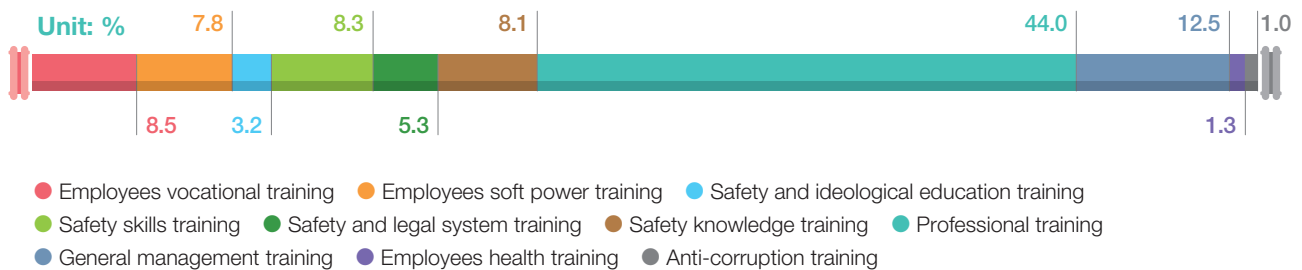
The Group has successfully achieved the target number of employee training hours set by the Sustainability-Linked Loan (SLL) from 2021 to 2023 and is committed to maintaining the average training hours per employee at no less than 55.8 hours to ensure that our employees are equipped with the expertise and skills to meet challenges in the future.

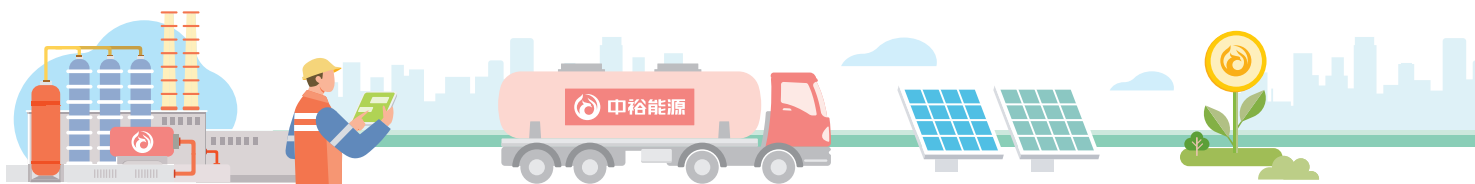
In 2024, the average employee training hours of the Group is 55.9 hours.

Training indicator		2024	2023	2022
Average training hours of employees	Hours	55.9	55.8	50.8

The percentage of each of the employee training topics during the Year are as follows:

### Training topics





## PEOPLE-ORIENTED

### Case Study

### “Upward Management and Structured Thinking” On-site Training

From 15 to 16 June, 2024, the management headquarters organized the senior management reserve staff of each subsidiary to participate in the “Upward Management and Structured Thinking” on-site training. The course was taught by external lecturers who adopted the “Situational Coaching Golf” teaching mode where participants were guided to focus on problems, recall their established knowledge, acquire new knowledge and conduct group presentations by simulating the actual work scenarios of upward management. During the training, participants gained an in-depth understanding of different types of leadership styles and corresponding response strategies, learned the logic of management in 10 scenarios, and enhanced their communication skills, trust building and resource coordination abilities with supervisors of different styles, thereby laying a solid foundation for future management challenges.





## Case Study

### Zhongyu Energy Human Resources Business Training Workshop

From 12 to 13 October, 2024, Zhongyu Energy held “Human Resources Business Training Workshop 2024” in Jiyuan. Nearly 100 human resources personnel from the gas group and smart energy group participated in the workshop and certain senior management members from the subsidiaries were also invited to attend. At the workshop, representatives of each subsidiary conducted in-depth and constructive exchanges and discussions around the core issues such as talent echelon construction, performance management and human resources innovation. These discussions not only demonstrated the excellent practices and unique insights of each subsidiary in human resources management, but also set up a platform for knowledge and experience sharing, facilitating the reference and application of advanced experience and successful models, and further enhancing the overall human resources management level of the Group.





## PEOPLE-ORIENTED

Since 2018, Zhongyu Energy has placed special emphasis on the professional safety management. Accordingly, it has implemented a series of measures aimed at motivating the safety management personnel of its subsidiaries, as well as staffs in other related positions, to obtain professional qualifications such as the qualification of certified safety engineer. These measures include organizing regular examination experience sharing sessions to facilitate the knowledge sharing and the exchange of best practices.

In recent years, the Group's marketing and customer service department has continued to focus on upgrading the skill level of its staff and strengthened its investment in the cultivation of professional and skilled talents. It has successively established professional training bases in Guangdong and Henan, and organized more than 2,300 professional skills training and job certification and assessment activities, with an average annual staff elimination rate of nearly 10%. With the continuous efforts over the past few years, Zhongyu has basically set up a professional team with the ability to install, repair and rescue gas pipelines and gas appliances, and 100% of personnel from the key customer service positions have been assessed and certified for employment.



### Case Study

#### Sihong Training Base of Zhongyu Energy for tackling Hazardous Chemical Accidents

The Group actively cultivated high-level, professional and skilled talents and built a learning and exchange platform for employees. Among them, the Group's first distributed energy station project in commercial operation, the "Xinmi City Maternity and Child Health Hospital Distributed Energy Station", was successfully certified as the "Natural Gas Distributed Energy Henan Teaching Base of China City Gas Association". The training base has a complete set of training systems and teaching models, which can conduct real-life scenario simulation and practical operation practices to help the Group organise training on the development and construction of natural gas distributed energy projects, so as to meet employees' needs for annual training drills and vocational skills appraisal. In addition, the base also undertakes the social function of vocational training in local gas industry.

The Group actively cultivated high-level, professional and skilled talents and built a learning and exchange platform for employees. The Group and the fire brigade jointly set up the first local integrated natural gas station in Sihong County, which integrated various natural gas processes such as CNG decompression and LNG storage. The training base can not only effectively train and strengthen the emergency response and rescue capability of the emergency rescue team for hazardous chemicals and test the feasibility of the emergency response plan, but also organize training on natural gas disaster relief for the Group to help the staff to master the procedures and key points for hazardous chemical disposal. The training base has a complete set of training systems and teaching models, which can conduct real-life scenario simulation and practical operation practices to meet employees' needs for annual training drills and vocational skills appraisal. In addition, the base also undertakes the social function of vocational training in local gas industry.





## ANTI-CORRUPTION MEASURES

Zhongyu Energy has formulated a series of systems and measures for anti-corruption such as the *Audit and Supervision System*, *Accountability System*, *Notice on Further Strengthening the Supervision and Contribution of the 'Top Leaders' and the Management Team*, *Reporting Management Measures (Trial)* and the *Ten Red Lines of Employee Behaviour* to ensure that the Group does not have any form of corruption, bribery, extortion, fraud and money laundering during the course of operation. In the meantime, the Group also strictly complies with relevant laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* and the *Prevention of Bribery Ordinance* of Hong Kong, and ensure that employees understand and comply with relevant requirements, and must not participate in any bribery or corruption activities.

 <b>Zhongyu Energy Accountability System</b>	<ul style="list-style-type: none"> <li>The audit and supervision department has introduced in detail the relevant contents of the <i>Accountability System</i> within the Group to ensure the apprehension and understanding of the contents of the system by employees, regulation of daily behaviours and effective implementation of the system.</li> </ul>
 <b>Notice on Further Strengthening the Supervision and Contribution of the 'Top Leaders' and the Management Team</b>	<ul style="list-style-type: none"> <li>In order to enhance the professional ability and quality of the management of each company, enhance the ability of each company to prevent operation and management risks, combined with the problems discovered by the audit and supervision department over the years, a precise supervision mechanism was established by the Group to strengthen management efficiency.</li> </ul>
 <b>Zhongyu Energy Reporting Management Measures (Trial)</b>	<ul style="list-style-type: none"> <li>The Measures aimed at maintaining the normal production and operation order of the Group, ensuring that the interests of the Group would not be damaged. It cracked down on violations of laws and regulations such as infringement of the interests of the Group and disruption of the development order of the Group.</li> <li>Employees of the Group were encouraged to actively report various acts that may damage the interests of the Group and the legitimate interests of the whistleblowers would be protected.</li> <li>The Measures clearly set out multi-channel reporting methods, such as by telephone, email and enterprise WeChat, and it will give corresponding rewards to the whistleblowers for verified reporting information.</li> </ul>
 <b>Ten Red Lines of Zhongyu Energy Employee Behaviour</b>	<ul style="list-style-type: none"> <li>The <i>Ten Red Lines</i> aimed at maintaining the normal production and operation order of Zhongyu Energy and strengthening the red line awareness of employees in the operation and management.</li> <li>The <i>Ten Red Lines</i> clearly defined ten prohibited behaviours, such as prohibits the solicitation, provision or acceptance of benefits from customers, suppliers or anyone who has business dealings with the Group in the name of the Group, and the violation of any of them will be strictly investigated for the relevant responsibilities and heavily punished according to the "Accountability System".</li> </ul>



## PEOPLE-ORIENTED

We have set up multiple reporting channels including mailbox, e-mail, telephone and corporate WeChat platform to receive whistle blowing information. For the reported information received, the audit and supervision department shall conduct independent investigation and verification, and submit the audit investigation report to the audit and supervision committee for review. The responsible persons who are found to have violated rules and regulations shall be held accountable in accordance with the rules and regulations. In 2024, the Group did not receive any reports of bribery, extortion, fraud and money laundering.

The Group attaches great importance to anti-corruption publicity and education for employees, and has held a number of special trainings on integrity and self-discipline and typical cases during the Year. Among them, in January 2024, the Group organized a special training session on audit and supervision and the dissemination of work requirements, which strengthened the red line awareness and bottom line thinking of all employees and promoted business rectification and improvement through special meetings and case analyses. The training not only deepened each unit's understanding of typical cases of audit and supervision, but also helped to actively prevent business risks and safeguard the interests of the Company, further creating a clean and upright working environment and facilitating the healthy development of the enterprise in compliance with regulations.

In 2024, through the online cloud learning platform, a total of 1,249 employees received anti-corruption related training, with a total of 2,836 training hours. The training content includes the study of anti-corruption documents of the Company, introduction of corruption-free and domestic anti-corruption situation and case analysis.

Anti-corruption training		Unit	2024
Management level (male)	Persons receiving training	Person	<b>237</b>
	Total training hours	Hour	<b>473</b>
Management level (female)	Persons receiving training	Person	<b>38</b>
	Total training hours	Hour	<b>76</b>
Managerial grade employees (male)	Persons receiving training	Person	<b>346</b>
	Total training hours	Hour	<b>1,194</b>
Managerial grade employees (female)	Persons receiving training	Person	<b>142</b>
	Total training hours	Hour	<b>490</b>
General employees (male)	Persons receiving training	Person	<b>334</b>
	Total training hours	Hour	<b>403</b>
General employees (female)	Persons receiving training	Person	<b>152</b>
	Total training hours	Hour	<b>201</b>



# SAFETY OPERATION AND QUALITY MANAGEMENT

## HEALTH AND SAFETY

The Group is fully aware of the importance of employees' health and safety to an enterprise. As such, we continued to promote our production safety approach during the Year and paid greater attention to the health and safety of employees. Zhongyu Energy, as a company specialising in the sales of gas, will cause huge impact on the health and safety of its employees if an accident occurs, such as a gas leakage in its workplace. Therefore, the Group has formulated internal policies such as the *Safety Production Management Regulations*, *Safe Production Liability Insurance System*, *Safety Review Form* and *Safety Production Ban*, aiming to achieve zero work injury and eliminate any safety hazards incurred in the course of operation.

At the same time, we will also strengthen our concern for the health of our employees and provide services such as health checkups, and occupational health education and training, so that our employees can understand their own health conditions and prevent the occurrence of occupational diseases. We firmly believe that only by maintaining the health and safety of our employees can we enable them to devote themselves to their work and realize the sustainable development of the company.

In addition, the Group also strictly complies with relevant laws and regulations, such as the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Occupational Safety and Health Ordinance* of Hong Kong. During the Year, there were no reported cases of non-compliance regarding health and safety. We will continue to strengthen our internal management and supervision to ensure that all employees work in a safe and healthy working environment.

### Occupational health data





Health and safety	Unit	2024	2023	2022
Number of work-related fatalities	Person	0	0	0
Lost days due to work injury	Day	10	40	45



## SAFETY OPERATION AND QUALITY MANAGEMENT

### Safety Management Framework and Management System

In order to ensure effective protection for the safety of employees, the Group has clearly defined the production safety responsibilities of each supervisor at all levels in the Group to identify hazard risks and factors in the workplace and to take effective preventive and control measures. The Group will also formulate an annual safety work plan, require employees at all levels to sign the *Safety Management Objective Responsibility Letter*, and conduct strict assessment on the safety objectives.

Relevant person in charge	Production safety responsibility
 <b>Head of Headquarters and major person-in-charge of Subsidiaries</b>	<ul style="list-style-type: none"> <li>• Implement the national regulations on safe production and establish corresponding safety management systems; and</li> <li>• Formulate major accident preventive measures and emergency response plans. If a material production safety accident occurs within his/her jurisdiction, he/she should arrive at the scene promptly to organise and give commands during the rescue work.</li> </ul>
 <b>Deputy general manager of safety</b>	<ul style="list-style-type: none"> <li>• Organise and commence safety education and training to raise employees' safety awareness, to enhance the standards of safe operation, and to supervise employees who are engaged in safety management and special work to acquire permits before they work; and</li> <li>• Supervise each department to fulfill the production safety responsibilities and implement production safety regulations, and to rectify any dereliction of duty in the production process in a timely manner.</li> </ul>
 <b>Person-in-charge for production safety of each department</b>	<ul style="list-style-type: none"> <li>• Responsible for announcing production safety information, such as: accident and casualties statistics, etc.;</li> <li>• Organise work related to production safety emergency drills; and</li> <li>• Report the status of production safety to the safety supervision and management department on a monthly basis, and actively make suggestions for improvement based on the actual situation.</li> </ul>
 <b>Safety administrator at grassroots level</b>	<ul style="list-style-type: none"> <li>• The engineering and operation departments shall establish the position of safety administrators according to the arrangements for work safety, who are responsible for all works in relation to production safety management.</li> </ul>

The Group places great emphasis on customer health and safety, which is why it has established a safety management system and implemented standardized management practices. Through supervision, inspection and measurement verification, each process (including facility design, engineering, operation and maintenance) is in compliance with safety standards.

The Group has maintained a clear division of emergency handling responsibilities between each department and formulated handling procedures by accident types to ensure timely and effective handling of gas facility emergencies. After receiving an accident report, each unit should immediately initiate the corresponding emergency plan to organise emergency rescue and take timely measures to rescue the relevant personnel, prevent the accident from expanding and reduce casualties and property losses.



In the event of a gas leak, each subsidiary shall arrange personnel to arrive at the scene in the first place for emergency rescue, repair the faulty gas pipeline/facilities, and resume gas supply after passing the air tightness test. In the event of an indoor gas accident, each subsidiary should follow the instructions of *Essential Responses for Gas Accident Emergency of Residential Users* and the emergency plan requirements of the Group. Emergency work groups should be dispatched immediately to cooperate with the government organisation to carry out emergency rescue and rescue work and investigate and handle the accident. Also, the post-accident team must evaluate the incident rescue process to identify deficiencies of the emergency procedures and propose improvement measures.

### Safeguarding Customer Safety

Zhongyu Energy has always regarded the safeguarding of customer safety as its core mission, ensuring that its users can use natural gas safely and stably through multi-level measures, multi-faceted supervision and refined services. During the Year, the Group formulated and published the *Management Guidelines on Security Inspection of Residential Users (Version 2024)* and the *Notice on Further Standardizing the Management of Basic Information of Industrial and Commercial Customers and Security Inspection of Households* to strengthen the management of safety of customers of each subsidiary in an institutionalized and standardized manner.

Zhongyu Energy conducts regular household safety inspections for residential and non-residential users (including industrial and commercial users), which should not be less than once per year for residential users and not less than twice per year for non-residential users. During the inspections, the Group focuses on the use of gas facilities, including the safety of meters, stoves, water heaters, hoses and other equipment, while distributing *Instructions for Safe Use of Gas* and affixing logos and signs promoting safe use of gas. If a safety hazard such as a gas leakage is found, the leak test will be performed immediately, and professional maintenance personnel will be notified to handle it promptly after the leak point is identified so as to ensure that the potential hazards are detected and resolved as early as possible. In addition, the Group will also arrange interviews with users to understand their satisfaction and suggestions for the services, with a customer interview rate of not less than 5%.

In an effort to further enhance safety and security, the Group has established a special safety joint inspection group to carry out comprehensive and in-depth investigation and rectification of potential risks of gas pipeline network facilities at LNG stations, schools, large urban complexes, kindergartens and other places with dense populations as well as those for residents in older communities. In addition, during extreme weather and festivals, each subsidiary will also organize patrols and inspections of pipeline networks and plant stations to investigate and rectify problems as soon as they are identified, so as to eliminate potential safety hazards in a timely manner and minimize safety risks. In a bid to further enhance its safety and security capabilities, the Group has actively introduced modern intelligent technologies, such as the use of a combination of human and technological defense to conduct regular inspections of gas pipelines, and the application of drones for patrolling detection and GIS systems to improve the efficiency and accuracy of patrolling detection.





## SAFETY OPERATION AND QUALITY MANAGEMENT



### Building of Emergency Response Capacity

Zhongyu Energy attaches great importance to the building of emergency response capacity and continues to improve its emergency management system. In addition, the Group requires all subsidiaries to carry out emergency response capacity assessment to comprehensively identify weaknesses in emergency response, and effectively improve the emergency response capabilities for sudden safety accidents by focusing on remedying the shortcomings and strengthening the weaknesses. Relying on the improvement and optimization of its emergency rescue system, the Group is committed to continuously enhancing the efficiency and level of emergency rescue to ensure a quick and effective emergency response in the event of emergencies, and hence minimize the impact of the accident on employees and users. In line with the Group's deployment, each subsidiary and regional joint defense centers have organized and carried out multi-frequency emergency rescue drills covering a wide range of elements (e.g. medium and high-pressure pipeline network leakage, LNG tank valve leakage and fire, third-party construction damage to gas pipelines, flood control and other issues). Through the high-frequency practical drills, the Group has comprehensively examined the scientific and effective nature of various emergency plans of each subsidiary, and effectively honed the rapid response and coordinated handling capabilities of the emergency rescue teams. These measures not only enhanced the Group's ability to respond to emergencies, but also further strengthened the solid foundation for safe production and operation.



## Case Study

### Emergency Management Measures in Response to Extreme Weather

In view of the extreme weather and emergencies that are prone to occur in winter, Zhongyu Energy has established and improved emergency response mechanisms in its city gas subsidiaries in regions such as Heilongjiang, Jilin, Hebei and Inner Mongolia, and has comprehensively enhanced its emergency response and handling capabilities through various activities such as specialized inspections, emergency drills and professional training to ensure the safety and stability of gas supply. Meanwhile, Zhongyu energy trading companies have optimized their vehicle configuration and scheduling plans, and launched professional training for drivers in advance to ensure that they can quickly respond to emergencies during transportation and further strengthen their emergency protection capabilities. Yongcheng Zhongyu Gas has further enhanced the emergency response capabilities of relevant personnel through regular inspection and maintenance of station equipment, combined with simulated drills on reporting and emergency response procedures under abnormal equipment conditions, with a view to enhancing the actual emergency response capabilities of the relevant personnel, thereby strengthening the efficiency and accuracy of their response to emergencies.

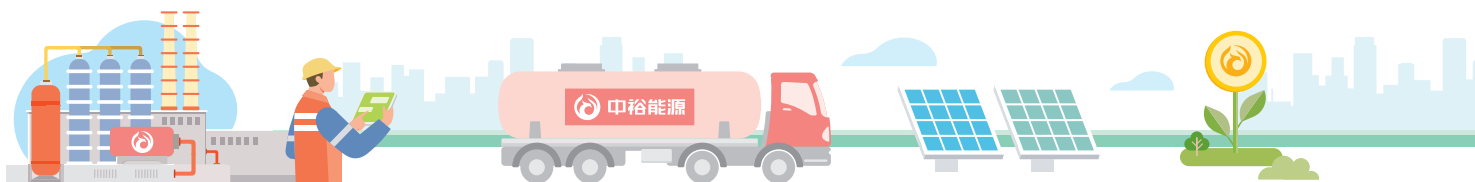


## Case Study

### Emergency Rescue Team Competition

In June 2024, Sihong Company and Ningjin Company won the third prize of emergency rescue in the emergency rescue team competition organized by the Municipal People's Government respectively. The event featured a total of 10 competitions, including urban gas emergency rescue, flood control emergency rescue, hazardous chemicals emergency rescue, water rescue, industrial and trade fire rescue, communication security, and medical emergency. The gas emergency rescue teams of Sihong Company and Ningjin Company simulated scenarios of high-pressure pipeline gas leakage and trapped personnel in the well during the competition. From the activation of the emergency plan to the implementation of rescue, the entire emergency drills were intense and orderly, with cooperation and tacit understanding among their personnel, which demonstrated their excellent professional capabilities.





## SAFETY OPERATION AND QUALITY MANAGEMENT

### Safety Production Month

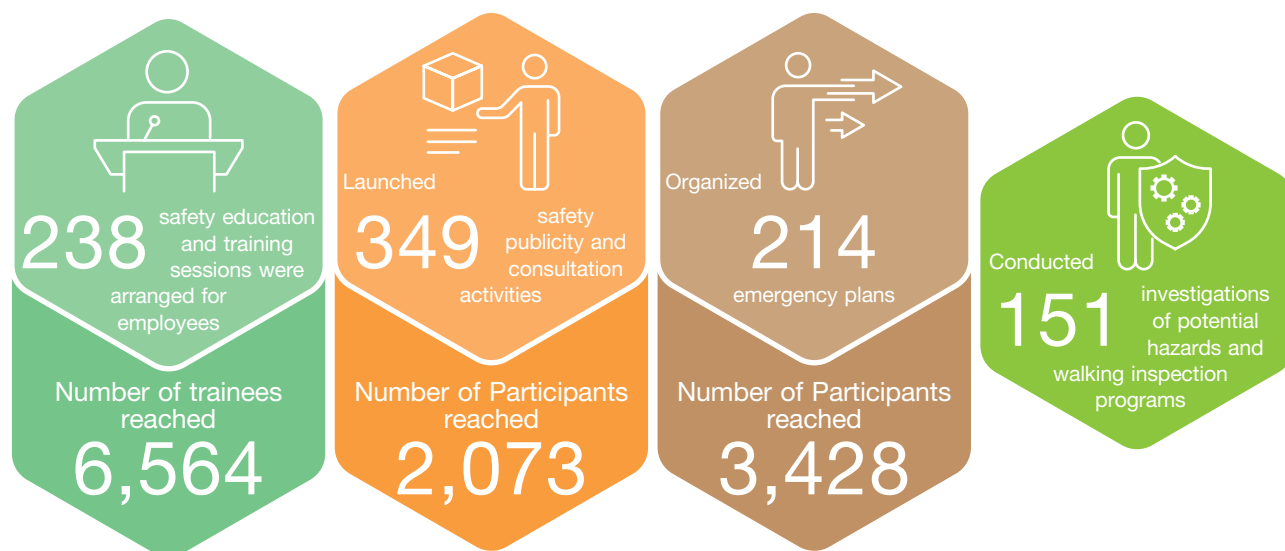
In 2024, Zhongyu Energy organized a series of safety activities in line with the theme of “Everyone Concerns about Safety, Everyone Knows How to Respond to Emergencies – Smooth the Life Channels” during the 23rd National “Safety Production Month”. In combination with the requirements of the national special rectification for gas safety in cities and towns, the special treatment of “abnormal operation” of gas pipelines, and the three-year action requirements for the root cause of safety production, the Group carried out a series of diversified and effective safety production activities, creating a strong atmosphere of safety development.

The Group attaches great importance to this event and specially deployed the “Safety Production Month” from 30 to 31 May, 2024 to publicize its activity plans, requesting the principal officers in charge of each subsidiary to personally plan and incorporate the event into their important areas of work. In combination with the requirements of the national special action and its system, the Group systematically sorted and rectified the *General Manager’s List of Safety Hazards*. The General Manager personally participated in the event, led all staff to acquire safety knowledge, analyze the causes of typical accidents, and investigate potential safety hazards through the “General Manager’s Safety Talk”, which effectively strengthened the safety prevention capabilities of all staff.

In terms of safety risk inspection, each subsidiary solidly promoted pipeline network leakage inspection, plant station management enhancement, user-side potential risk management and other measures. In combination with the special treatment of “abnormal operation” of gas pipeline facilities, each subsidiary carefully organized high and medium-pressure walking patrols and special inspections, and comprehensively strengthened the efforts in the identification of safety risks and rectification of potential risks in important areas and key links.

Zhongyu Energy also actively promotes the “5-into” gas safety publicity campaign (into communities, enterprises, schools, families and villages), popularizing gas safety knowledge to all types of users through multiple channels, helping them to develop sound gas consumption habits, and effectively reducing the safety risks at the user’s end.

During the Safety Production Month in 2024, the Group:





## Supply Chain Management

Supply chain management is an important part of the Group's operation. Good supply chain management enables the Group to provide high quality products and services to its users. The Group has formulated the management policies such as the *Material Purchase Management System* and *Contract Template for Material Procurement* to regulate the selection procedures and standards of suppliers, including environmental and social performance standards. The material management policies set out the technical specifications of various materials, requiring all tendering suppliers to strictly comply with the environmental and industrial-related standards and regulations. The suppliers of the Group are mainly shortlisted through business negotiation and tender, and in principle, three suppliers will be shortlisted for each type of materials. In 2024, the Group has engaged a total of 180 suppliers.

Pursuant to the *Material Purchase Management System*, the Group has established a supplier selection mechanism to assess the supplier's product quality, price, effectiveness of product usage and after-sales services, and to eliminate suppliers that do not meet the requirements of the Group.

In addition, the *Contract Template for Material Procurement* provides an explicit agreement with the suppliers that the Group cooperates with on the quality assurance of the products where:

- The suppliers that the Group cooperates with shall guarantee that the contract products are brand new and fully comply with the relevant national quality standards, as well as the brand, quality, specifications and performance requirements stipulated in the contract.
- The suppliers shall guarantee the warranty period of the products and the service life and performance of the products. If any product quality problem arises during the product warranty period, the suppliers shall be responsible for free replacement or repair. In case of failure to repair or replace, the suppliers are responsible for refund, and shall timely analyse the cause in order to take corrective and preventive measures.
- Adjustments on the product varieties, specifications, quality and packaging made by suppliers due to substantial changes in production materials, production equipment, production techniques or market are subject to prior negotiations with the Group, and changes could only be made upon written confirmation by the Group.

In addition, the Group also requires suppliers to use parts and components of products which are in compliance with the requirements of *Restriction of Hazardous Substances* (RoHS) and verified by RoHS report, and list out the name and content of possible hazardous substances contained in such products in the product user manuals pursuant to the State's *Measures for the Administration of the Restricted Use of the Hazardous Substances Contained in Electrical and Electronic Products* in order to promote the procurement of environmentally friendly products.

Zhongyu Energy also focuses on managing the environmental and social risks of the supply chain, therefore, it undergoes assessment and supervision on its suppliers to incorporate various system certifications regarding environment, occupational safety and health, and quality (such as ISO 14001, ISO 45001, ISO 9001, etc.) into the assessment items, and motivates the suppliers to enhance the environmental and labour interest management. Currently, most suppliers of the Group have obtained environmental, occupational safety and health, and quality management system certifications.





## SAFETY OPERATION AND QUALITY MANAGEMENT

The Group will supervise the entire procurement process, conduct special audits and inspections on a regular basis, and deal with violations of laws and regulations to ensure the compliance of the procurement process.



Proportion of approved suppliers with quality management system certification  
**>95%**



Proportion of approved suppliers with environmental management system certification  
**>90%**



Proportion of approved suppliers with occupational health and safety management system certification  
**>90%**

The Group also required all suppliers to, abide by strict business ethics while guaranteeing the quality of the products they supply, pursue the highest level of business ethics and integrity in business operations, and meet the environmental and social requirements of the Group, for example:

Environmental aspect	Social aspect
<ul style="list-style-type: none"> <li>• Ensure that no materials harmful to the environment are being used in processing and manufacturing</li> <li>• Develop an environmental protection system to manage environmental risks arising from daily operation</li> <li>• Obtain permission for environmental impact assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Resolutely refuse to accept any bribes or other misconducts</li> <li>• Maintain fair trade and competition</li> <li>• Comply with relevant labour regulations to ensure that the legitimate interests of employees are protected</li> <li>• Not to differentiate employees by their gender, disability, pregnancy, family status, race, colour, religion, age, sexuality, nationality, union membership or other reasons</li> <li>• Respect the basic labour human rights protection principles, including the internationally-recognised basic labour human rights principles</li> </ul>



## PRODUCT RESPONSIBILITY

In order to ensure that the health and safety of the products and services, intellectual property rights, customer complaint handling procedures and customer privacy protection comply with relevant national laws and regulations, the Group has formulated internal management policies such as the *Zhongyu Energy Safety Production Management Regulations*, *Guidelines for the Safety Inspection of Household Gas Facilities* and *Daily Inspection Management System*, committing to improving its products and services responsibility management structure.

The Group complies with relevant laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Three Guarantees Rules of the People's Republic of China*, the *Law of the People's Republic of China on Protection of the Rights and Interests of the Consumers*, the *Advertising Law of the People's Republic of China* and the *Personal Data (Privacy) Ordinance* of Hong Kong. All products are covered by product liability insurance which is undertaken by Ping An Property & Casualty Insurance Company of China, Ltd. During the Year, the Group was not aware of any cases of non-compliance regarding the health and safety of products and services, advertising and labelling.

## LABELLING MANAGEMENT

In strict compliance with the *Product Quality Law of the People's Republic of China* and the *Advertising Law of the People's Republic of China*, the Group is committed to providing complete, accurate, sufficient and timely information, including promotional publications and product labels, to external stakeholders, including investors, customers and partnering institutions. If the relevant information is found to be inaccurate or misleading, it should be amended and replaced by specified staff as soon as possible to protect the interests of consumers.

## INTELLECTUAL PROPERTY

The Group is committed to protecting intellectual property rights of the Group and its partners from being infringed and complying with the confidentiality agreement and licensing system agreed by both parties. In addition, to ensure the use of genuine software in all operational processes, the Group also provides relevant training on the use of genuine software for information management personnel. In the process of cooperating with external agencies, the contract terms also stipulate that there should be no infringement involved in the products and services provided by the agency.

## RECALL OF DELIVERED PRODUCT

The product quality verification of Zhongyu Energy is conducted on a sample basis according to the *Guidance on Finished Products Inspection Work*. In compliance with the relevant national regulations and having in place the *After-sales Service Policy of Zhongyu Phoenix (中裕鳳凰) Brand Products*, the *Abnormal Product Quality Management System* and other relevant management policies, the Group strictly monitors product quality and provides reasonable after-sales services, including return, exchange, local maintenance and return for maintenance. The Group requires all subsidiaries to conduct proper signing and acceptance of returned products according to the procedures. For products damaged by logistics and distribution, subsidiaries should take photos of the defective products upon acknowledgement of receipt and give feedback to the after-sales staff at once.

During the Year, there were no sold or delivered products recalled by the Group due to safety and health reasons.





## SAFETY OPERATION AND QUALITY MANAGEMENT

### CUSTOMER SERVICE MANAGEMENT




Zhongyu Energy is committed to meeting the expectations of customers of different businesses and constantly improving the service quality of staff through the formulation of *Customer Service Target Management Requirements*, *Complaint Management Measures*, *Guidelines on Rural Coal-to-Gas Customer Service Management*, *Customer Service Staff Etiquette Standards* and other service management systems.

Having been committed to listening to customers' needs, the Group has established a rigorous customer complaint handling mechanism and the Service Supervision Call Centre, by which users can provide feedback directly through the 24-hour hotline or to the operation management department. In addition, the Group has been taking initiatives to create a healthy business environment, and through various means of online platforms (such as online communities, WeChat official account) and publicity activities, to promote the Company's image.

The Group's Service Supervision Call Centre was officially launched in July 2021. Serving as a centralised software and hardware platform with high effectiveness and stability, the call centre would provide high-quality communication interface along with accurate and thoughtful services to more than 5.2 million customers of various types of the Group. After our customer service staff receives a user's complaint, the relevant department shall arrange dedicated personnel to handle and respond to the customer within three days. In addition, the call centre has formulated a two-closed-loop service process for consultation and complaints according to different businesses, which can provide various services such as business consultation, recharge and payment, installation and commissioning, emergency repair and rescue, etc. to customers by cooperating with the marketing and customer service, safety operation and engineering technology departments of each subsidiary.

In 2024, the Service Supervision Call Centre of the Group provided thoughtful service and online protection for 365 days a year. During the year, we received a total of 461 cases of complaint and request in relation to our products and services, all of which, immediately upon receipt, were transferred to dedicated staff members for handling until the completion of customer interview with time limit determined according to the degree of urgency, so as to fully ensure customer satisfaction. The content mainly involved the following three types. All departments actively handled various types of complaints and strengthened communication with customers to improve their satisfaction.



Types	Description of issues	Handling methods
 <b>Gas Metering and Fees</b>	<p>Disputes were raised by users over the calculation of gas tariffs and the difference in gas tariffs after the replacement of IC cards with Internet of Things (IoT) meters. Some of them considered that the tariff amounts were overcharged or the calculations were erroneous.</p>	<p>User's historical gas purchase records were verified before the arrangement for a refund in accordance with the standard unit price of the first gas purchase. Correction was made in a timely manner in the event that mis-calculation was confirmed. Reasons and cost components were explained to the user to ensure their trust and satisfaction.</p>
 <b>Gas Supply and Services</b>	<p>Users were unable to use gas normally during peak season of gas consumption in winter due to delays in gas delivery or insufficient gas supply; some users with newly installed gas supply had their daily lives disrupted due to delays in gas supply; the installation of gas stoves and other equipment were not scheduled in a timely manner, which triggered dissatisfaction among users.</p>	<p>Enhanced resource deployment and distribution management, took measures such as replenishing gas supply in response to demand during peak periods; assigned professional staff to speed up the progress and actively communicate with users in a bid to tackle the issues in case of newly installed gas supply; in terms of equipment installation, the timing was coordinated over the phone and provided quality after-sales service to enhance user experience.</p>
 <b>Construction and Engineering Management related</b>	<p>The progress of gas equipment installation or modification is affected by delays in construction schedule; disputes arose from the occupation of users' land or other resources during the construction process.</p>	<p>Conduct on-site measurement and communicate with the user on the construction plan in advance, clarify the schedule and complete construction on time; in terms of the issue of land occupation, we take the initiative to negotiate compensation and promptly complete the subsequent works to ensure that the issue is properly resolved. The users expressed their understanding and support.</p>
 <b>Value-added Business and Safety Education related</b>	<p>Being doubtful about the necessity and value of gas insurance, users' willingness to purchase it was relatively low; some users lacked awareness of gas safety and understanding of gas risk management.</p>	<p>Strengthened cooperation with the government and relevant departments to publicize the importance and coverage of gas insurance among users through typical cases and publicity events; at the same time, we promoted gas safety education to enhance users' understanding and acceptance of gas risk management.</p>

Zhongyu Energy will continue to improve the management and functionality of the call center, establish a multi-level customer complaint handling platform, and promote the overall improvement of the Group's customer service level.



## SAFETY OPERATION AND QUALITY MANAGEMENT

### CUSTOMER PRIVACY PROTECTION

The Group values the protection of customer privacy and strictly complies with *Personal Information Protection Law of the People's Republic of China* to ensure that all data must be collected, held, used and handled in a legal and prudent manner.

The management of the Group's customer data is jointly handled by the marketing department and the customer service department, which mainly includes overseeing the management of customer's documents by specified staff, and regularly reviewing the effectiveness of current measures and proposing improvement plans. In order to further enhance the standardization and efficiency of data management in the information system, the Group has established a number of internal management policies including the *Management Systems on Information System Security*, *Management Systems on Information System Requirement*, *Management Systems on Information System Operation and Maintenance*, and *Regulations on Basic Data Management and Maintenance*. These policies aim to meet the standardised management requirements for the integrity, standardisation and timeliness of basic data. In addition, the Group also regularly provides specific operational guidelines and professional training for employees to ensure that they adequately understand and strictly comply with relevant regulations and internal management measures.



## COMMUNITY ENGAGEMENT

Zhongyu Energy has been committed to giving to the community it serves by actively fulfilling corporate social responsibility and creating long term value for society. The Group always pays attention to the needs of all groups in society and has maintained a good and close relationship with the community. Over the years, the Group has been investing in and encouraging its employees to join public welfare activities to adhere to the mission of “developing clean energy and achieving a better life”.

In 2024, the Group actively organized public welfare activities in environmental and educational sectors to help the underprivileged in society. It participated in activities including the charity donation, the provision of financial assistance to poor students, caring for special needs children, blood donation for public welfare, helping farmers.

In addition, Zhongyu Energy launches diverse community publicity and consultation activities to publicize gas safety knowledge and raise awareness of gas safety among the wider community every year, fostering a positive atmosphere for safe gas use in the community. To promote community engagement and education, the Group’s *Customer Service Publicity Work Guidelines* regulate in detail the requirements of publicity content, publicity channels and implementation frequency for each subsidiary, aiming to regularly strengthen the awareness of the safe use of gas among residents so as to enhance the Group’s recognition among the government and the community. The Group also requires its subsidiaries to submit their service promotion plans for the next year to the customer service department before 31st December each year so as to ensure the publicity work is conducted in an orderly manner and is subject to continuous improvement.



### Reach out to campus

The introduction of the “Safe Use of Gas on Campus” campaign helps students further grasp the basic knowledge of gas safety and encourages parents to participate hand in hand with their children. This instills the knowledge of “Safe Use of Gas” and “Scientific Protection” into every family, and allows students to become the transmitter of knowledge on safe gas use.



### Environmental safety

In order to widely advocate a simple, moderate, green and low-carbon lifestyle, Zhongyu actively organises and participates in environmental protection publicity activities, such as tree planting, garbage recycling, used goods exchange and garbage collection, so that employees are induced and mobilised to actively engage in and contribute to ecological environmental protection. The Group will also organise activities such as pipeline network safety walk, household safety inspection and special investigation on potential hazards to ensure the safe operation of the Company’s pipeline network and fully protect users’ safety and stability in gas usage.



### Community publicity and education

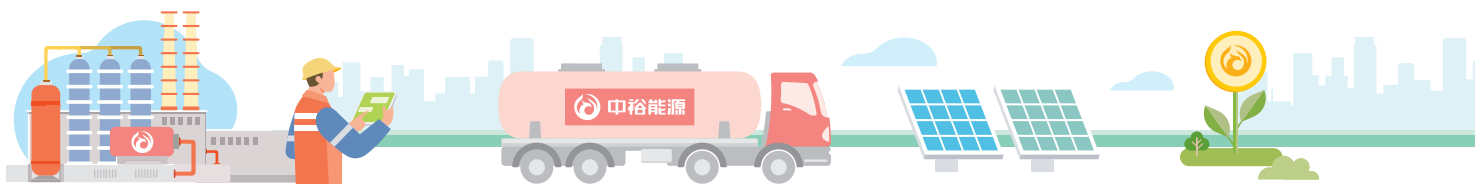
Through paying visits, distributing safety manuals, posters and banners as well as setting up safety knowledge exhibition boards, consultation counters and publicity vehicles, Zhongyu Energy disseminates the knowledge of the safe gas use among the wider users, explains cases and knowledge, and answers questions on site, thereby creating a strong atmosphere that advocates the safe use of gas.



### Charitable activities

To give back to the community and actively perform social responsibilities, the Group fully regulates the approval process and plans for social activities relating to charitable donations.

The Group has established a volunteering alliance, through which it actively organises various public welfare activities such as helping the elderly, the disabled, orphans, the disadvantaged, students and children with special needs. It also expands the alliance by attracting more social caring enterprises and charitable persons to join in.



## COMMUNITY ENGAGEMENT

### SAFE USE OF GAS ON CAMPUS

Zhongyu Energy organised “Safe Use of Gas on Campus” activities to help teachers and students understand gas safety knowledge, and encouraged students to share gas safety knowledge with family members.



The subsidiary in Linyi launched the “Safe Use of Gas on Campus” activity



The subsidiary in Nangong launched the “Safe Use of Gas on Campus” activity



The subsidiary in Qinyang launched the “Safe Use of Gas on Campus” activity



The subsidiary in Xinhe launched the “Safe Use of Gas on Campus” activity

### COMMUNITY PROMOTION AND EDUCATION ACTIVITIES

Every year, all member companies of Zhongyu Energy actively participate in the “Safe Production Month” publicity and consultation day organised by local government departments, which aims to raise the awareness of safe use of gas among users at large, establish a good corporate image and create a safe and harmonious atmosphere for public gas use. At the campaign site, all companies set up consulting service counters, safety knowledge exhibition boards and safety banners, while relevant staff promote and share safety knowledge with the public through the distribution of gas safety manuals and colourful posters, on-site presentations and Q&A sessions.



The subsidiary in Yongcheng organized gas safety publicity and education with specialized inspection events on campuses



The subsidiary in Sanmenxia organized gas safety training for food and beverage companies.





## GOLDEN AUTUMN SCHOLARSHIP

Since its establishment by the subsidiary in Jiaozuo in 2006, the Caring Alliance has been cooperating with caring enterprises and persons from all sectors of society to sponsor a total of nearly 1,000 elementary, junior and high school students from disadvantaged families over the years. Many of the students have been receiving financial assistance since elementary school and nearly 200 students have enrolled in university. The Group has assisted students from underprivileged families in realizing their dreams of attending college for many years, demonstrating its commitment to charitable causes and social responsibilities.



2024 Golden Autumn Scholarship event of the subsidiary in Jiaozuo



## CHARITY AND PUBLIC WELFARE

All member companies of Zhongyu Energy have been fulfilling their social responsibilities as utility companies through business operations over the years. They demonstrate their corporate commitments by securing safe and stable gas supply in their service territories and facilitating economic and social development. Meanwhile, Zhongyu Energy has remained relentless in promoting public welfare. All of its member companies have helped those in need and gained satisfaction by making charitable donations of funds and anti-epidemic supplies, supporting farmers through consumption, participating in pair-up aid program and assisting in flood relief to spread warmth across the community.



Caring for the special needs group while safeguarding gas safety with dedication  
The subsidiary in Yanshi sent personnel to visit villages, conduct gas safety inspection and convey condolences to the needy



Winter Warming Campaign: aid and relief for children growth  
The subsidiary in Jiyuan hosted a Winter warming charity walkathon to provide care for the left-behind children and children in difficulty



Charity mutual care through blood donation  
The subsidiary in Sanmenxia organized a charitable blood donation event to share caring and warmth



Practicing social responsibility by donating to public welfare activities  
The subsidiary in Linyi donated \$200,000 to a caring fund for environmental and sanitation labors to actively support the development of public welfare activities





## OVERVIEW OF KEY PERFORMANCE INDICATORS

### ENVIRONMENTAL PERFORMANCE

Key Environmental Performance Indicators		Unit	2024	2023
Air emission & Waste Generation	Nitrogen oxides	kg	<b>12,926.5</b>	17,946.0
	Sulphur oxides	kg	<b>257.7</b>	790.7
	Particulate matter	kg	<b>520.8</b>	196.0
	Total hazardous waste	Tonne	<b>5.5</b>	6.2
	Intensity of hazardous waste (in terms of the number of employees)	kg/person	<b>1.1</b>	1.2
	Non-hazardous waste	Tonne	<b>94.7</b>	127.6
	Intensity of non-hazardous waste (in terms of the number of employees)	kg/person	<b>18.6</b>	25.1
Energy consumption	Consumption of purchased electricity	MWh	<b>22,950.9</b>	19,748.9
	Gasoline	Tonne	<b>2,580.3</b>	2,276.0
	Diesel	Tonne	<b>62.6</b>	52.5
	LNG	Cubic meter	<b>3,686,468.0</b>	5,724,679.1
	LPG	Tonne	<b>0</b>	0
	Total energy consumption	GJ	<b>339,943.4</b>	394,230.9
	Intensity of energy consumption (in terms of the number of employees)	GJ/person	<b>66.9</b>	77.5
	Intensity of energy consumption (in terms of the turnover)	GJ/HK\$'000	<b>0.03</b>	0.03
Greenhouse gas emission	Direct greenhouse gas emission (scope 1)	Tonne of CO <sub>2</sub> equivalent	<b>15,995.7</b>	18,218.1
	Energy indirect greenhouse gas emission (scope 2)	Tonne of CO <sub>2</sub> equivalent	<b>12,318.2</b>	11,258.6
	Other indirect greenhouse gas emission (scope 3)	Tonne of CO <sub>2</sub> equivalent	<b>682.1</b>	609.0
	Total greenhouse gas emission	Tonne of CO <sub>2</sub> equivalent	<b>28,996.1</b>	30,085.7
	Greenhouse gas emission intensity (in terms of the number of employees)	Tonne of CO <sub>2</sub> equivalent/person	<b>5.7</b>	5.9
	Greenhouse gas emission intensity (in terms of the turnover)	Tonne of CO <sub>2</sub> equivalent/HK\$'000	<b>0.002</b>	0.002
	Methane emission (gas leakage)	Tonne	<b>4,799.2</b>	4,696.6
Utilisation of resources	Water consumption	Cubic meter	<b>133,159.1</b>	184,277.8
	Intensity of water consumption (in terms of the number of employees)	Cubic meter/person	<b>26.2</b>	36.2
	Paper products	Tonne	<b>74.2</b>	36.0
	Paper products recycled	Tonne	<b>13.5</b>	4.6
Environmental compliance	Cases of environmental non-compliance	Number	<b>0</b>	0



## SOCIAL PERFORMANCE

Number of employees		Unit	2024	2023
<b>Total number of employees</b>		Person	<b>5,146</b>	5,087
<b>By geographical region</b>	Mainland China	Person	<b>5,132</b>	5,073
	Hong Kong, China	Person	<b>14</b>	14
<b>By gender</b>	Male	Person	<b>3,404</b>	3,346
	Female	Person	<b>1,742</b>	1,741
<b>By employment type</b>	Full-time employees	Person	<b>4,917</b>	4,803
	Part-time employees	Person	<b>229</b>	284
<b>By age</b>	30 years old and under	Person	<b>1,226</b>	1,285
	Between 31-40 years old	Person	<b>2,162</b>	2,069
	Between 41-50 years old	Person	<b>1,204</b>	1,213
	Over 50 years old	Person	<b>554</b>	520
<b>By position level</b>	Senior management	Person	<b>291</b>	286
	Middle management	Person	<b>636</b>	605
	General employees	Person	<b>4,219</b>	4,196

Employee turnover rate		Unit	2024	2023
<b>By geographical region</b>	Mainland China	Percentage	<b>4.5</b>	5.5
	Hong Kong, China	Percentage	<b>0.0</b>	0.0
<b>By gender</b>	Male	Percentage	<b>5.3</b>	6.3
	Female	Percentage	<b>3.0</b>	3.9
<b>By age</b>	30 years old and under	Percentage	<b>6.4</b>	9.0
	Between 31-40 years old	Percentage	<b>4.1</b>	4.4
	Between 41-50 years old	Percentage	<b>2.7</b>	4.0
	Over 50 years old	Percentage	<b>6.0</b>	4.8



## OVERVIEW OF KEY PERFORMANCE INDICATORS

Training and development		Unit	2024	2023
Total number of trained employees		Person	5,083	5,005
By gender	Number of male employees trained	Person	3,384	3,311
	Number of female employees trained	Person	1,699	1,694
By position level	Number of senior management trained	Person	290	284
	Number of middle management trained	Person	636	605
	Number of general employees trained	Person	4,157	4,116
Average training hours of employees		Hour	55.9	55.8
By gender	Average training hours of male employees	Hour	55.7	55.2
	Average training hours of female employees	Hour	56.3	57.0
By position level	Average training hours of senior management	Hour	58.6	58.2
	Average training hours of middle management	Hour	58.7	58.3
	Average training hours of general employees	Hour	55.3	55.3
Average employee training percentage		Percentage	98.8	98.4
By gender	Training percentage of male employees	Percentage	99.4	99.0
	Training percentage of female employees	Percentage	97.5	97.3
By position level	Training percentage of senior management	Percentage	99.7	99.6
	Training percentage of middle management	Percentage	100	100
	Training percentage of general employees	Percentage	98.5	98.1

Health and safety		Unit	2024	2023
Number of work-related fatalities		Person	0	0
Lost days due to work injury		Day	10	40
Occupational health and safety sick leave due to extreme weather event		Number	0	0
Employee sick leave due to extreme weather		Day	0	0



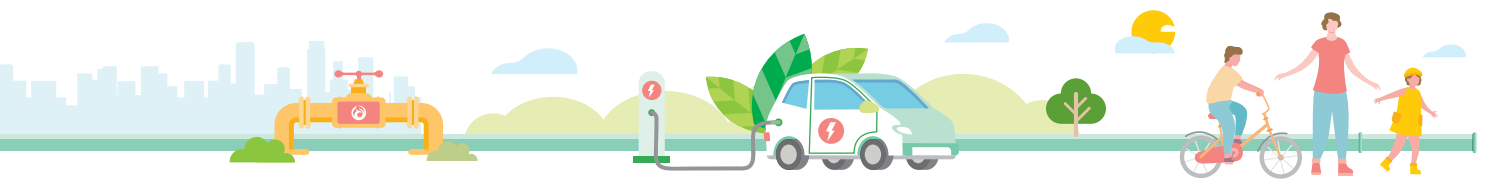
Anti-corruption	Unit	2024	2023
Number of concluded legal cases regarding corrupt practices brought against the Group during the reporting period	Case	0	0
Number of concluded legal cases regarding corrupt practices brought against the employees of the Group during the reporting period	Case	0	0
Number of management receiving anti-corruption trainings	Person	275	280
Number of managerial staff receiving anti-corruption trainings	Person	488	605
Number of general employees receiving anti-corruption trainings	Person	486	300

Number of suppliers	Unit	2024	2023
Hong Kong	Number	7	5
Mainland China	Number	173	166



## “ESG REPORTING GUIDE” CONTENT INDEX

Main Aspects	Description	Relevant Sections/ Descriptions	Page
<b>A1 Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air pollutants and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.  Note: Air emissions include nitrogen oxides, sulphur oxides, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Respond to Climate Change, Environmental Protection	15-30, 31-38
A1.1	The types of emissions and respective emissions data.	Respond to Climate Change, Environmental Protection, Overview of Key Performance Indicators	15-30, 31-38, 66-69
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Respond to Climate Change, Overview of Key Performance Indicators	15-30, 66-69
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Overview of Key Performance Indicators	31-38, 66-69
A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Overview of Key Performance Indicators	31-38, 66-69
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Respond to Climate Change, Environmental Protection	15-30, 31-38
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection	31-38
<b>A2 Utilisation of resources</b>			
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials.	Environmental Protection	31-38
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Overview of Key Performance Indicators	31-38, 66-69
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Overview of Key Performance Indicators	31-38, 66-69
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection	31-38
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection	31-38



Main Aspects	Description	Relevant Sections/ Descriptions	Page
A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	All products sold by Zhongyu (such as stoves) are packaged finished products purchased directly from third parties. Zhongyu's own business does not include the production and packaging of these products, nor does it separately calculate and count the quantity and weight of product packaging. This key performance indicator is therefore not applicable.	–
<b>A3 Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection	31-38
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Environmental Protection	31-38
<b>A4 Climate Change</b>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Respond to Climate Change	15-30
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Respond to Climate Change	15-30
<b>B1 Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-Oriented	39-50
B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	People-Oriented, Overview of Key Performance Indicators	39-50, 66-69
B1.2	Employee turnover rate by gender, age group and geographical region.	People-Oriented, Overview of Key Performance Indicators	39-50, 66-69





## “ESG REPORTING GUIDE” CONTENT INDEX

Main Aspects	Description	Relevant Sections/ Descriptions	Page
<b>B2 Health and safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety Operation and Quality Management	51-62
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety Operation and Quality Management, Overview of Key Performance Indicators	51-62, 66-69
B2.2	Lost days due to work injury.	Safety Operation and Quality Management, Overview of Key Performance Indicators	51-62, 66-69
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety Operation and Quality Management	51-62
<b>B3 Development and training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-Oriented	39-50
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Overview of Key Performance Indicators  99% of the employees have received training during the Year. The percentages in terms of gender and categories of employees are shown as below:  Male employees: 67% Female employees: 33% Senior management: 6% Middle management: 12% General employees: 82%	66-69
B3.2	The average training hours completed per employee by gender and employee type.	People-Oriented, Overview of Key Performance Indicators	39-50, 66-69
<b>B4 Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-Oriented	39-50
B4.1	Description of measures to review employment practices to avoid child and forced labour.	People-Oriented	39-50
B4.2	Description of steps taken to eliminate such practices when discovered.	People-Oriented	39-50



Main Aspects	Description	Relevant Sections/ Descriptions	Page
<b>B5 Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Safety Operation and Quality Management	51-62
B5.1	Number of suppliers by geographical region.	Overview of Key Performance Indicators	66-69
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Safety Operation and Quality Management	51-62
B5.3	Description of practices relating to identifying environmental and social risks along the supply chain, and how they are implemented and monitored.	Safety Operation and Quality Management	51-62
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Safety Operation and Quality Management	51-62
<b>B6 Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Safety Operation and Quality Management  Note: As the Group's products and services do not involve extensive advertising and labelling, the Group does not have relevant policies in place.	51-62
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Safety Operation and Quality Management	51-62
B6.2	Number of products and service related complaints received and how they are dealt with.	Safety Operation and Quality Management	51-62
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Safety Operation and Quality Management	51-62
B6.4	Description of quality assurance process and recall procedures.	Safety Operation and Quality Management	51-62
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Safety Operation and Quality Management	51-62



## “ESG REPORTING GUIDE” CONTENT INDEX

Main Aspects	Description	Relevant Sections/ Descriptions	Page
<b>B7 Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	People-Oriented	39-50
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	People-Oriented, Overview of Key Performance Indicators	39-50, 66-69
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	People-Oriented	39-50
B7.3	Description of anti-corruption training provided to directors and employees.	People-Oriented	39-50
<b>B8 Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Engagement	63-65
B8.1	Focus areas of contribution (e.g. education, environmental issues, labour demand, health, culture and sports).	Community Engagement	63-65
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Community Engagement	63-65



# VERIFICATION STATEMENT



## Verification Statement

### Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by Zhongyu Energy Holdings Limited (“Zhongyu Energy”) to conduct an independent verification for its Sustainability Disclosures (the “selected disclosures”) stated in its Sustainability Report 2024 (“the Report”). The selected disclosures covered the period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024 and represented the sustainability performance of Zhongyu Energy.

The objective of this verification is to provide an independent opinion with a limited level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

- the Environmental, Social and Governance Reporting Guide (“ESG Guide”) set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

### Level of Assurance and Methodology

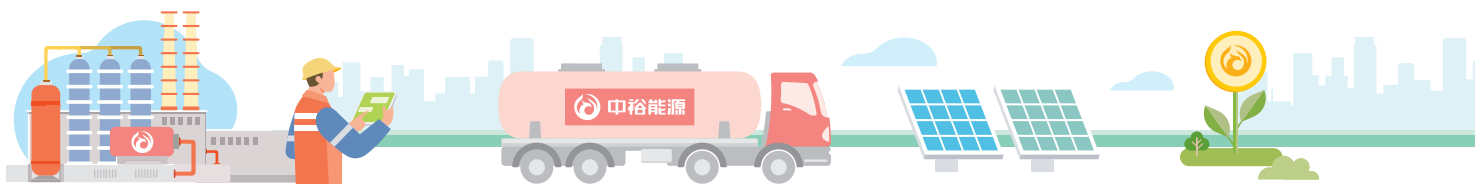
HKQAA’s verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”) issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a limited level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism

### Roles and Responsibilities

Zhongyu Energy is responsible for the organization’s information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by Zhongyu Energy for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between Zhongyu Energy and HKQAA.



## VERIFICATION STATEMENT



### Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and Zhongyu Energy that would affect the impartiality of the verification.

### Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to examining the raw data or information for the selected disclosures, e.g., Claims and Performance Data stated in the Report. The identified sustainability information may be subject to inherent uncertainty because of incomplete scientific and technical knowledge.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.
- IV. Any information outside the established verification period has been excluded.

### Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a limited level of assurance, nothing has come to the team's attention that the Report has not been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Signed on behalf of Hong Kong Quality Assurance Agency

Kado Zhang  
Assistant Director, Business Development  
April 2025  
Ref: 14954631-VER

匯聚動能 向遠而行

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BUILT TO LAST



**中裕能源**  
ZHONGYU ENERGY

於開曼群島註冊成立之有限公司  
INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY

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