

COMMUNICATIONS ON PROGRESS 2011





PREAMBLE

Since we commenced participation in the United Nations Global Compact, China NTG Gas Group ("CNTG") has been committed to implementing the Ten Principles of Global Compact. We are honored to have also been invited to join the Global Compact LEAD.

In order to thoroughly implement the Ten Principles, we believe that initiatives must start from the board of a company in fulfilling its responsibilities in corporate governance. The Ten Principles should be built into the board's mandate of corporate governance and in various corporate policies and guidelines. The board should take an active role in ensuring that its management practises the preaching of the Ten Principles. It should also take a leading approach in building the corporate culture, so as to nurture the necessary understanding and actions among its staff members, including front-line operators and supporting workers.

In addition to these practices at corporate level, we believe that each member of the Global Compact LEAD should exercise influence within its own community to promote the Ten Principles.

The implementation of our commitment to the principles of the UN Global Compact has been reported in our 2010 COP. These efforts no doubt highlight the beginning of our commitment.

Over the past year, we continued to develop our business taking cognizance of the Ten Principles. Meanwhile, we are dedicated to influencing not only the Hong Kong community, but also Mainland China and world communities in the promotion of the Ten Principles. Our efforts can be categorized in three areas:

- Business development directions, strategies, operation and execution;
- Corporate Social Responsibility
- Personal engagement in the community and charity projects of our top management

We look forward to joint actions with other members of the UN Global Compact on the spirit and substance of the Ten Principles.



BUSINESS IN PROGRESS

As a corporate citizen, CNTG is dedicated to upholding UN's principles in Environmental Protection for a better and cleaner world. We not only support a precautionary approach to environmental challenges, but also undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

Actions realised over the year :

Business Development in China

As an international company based in Hong Kong targeting the CLEAN energy market in China, CNTG owns, operates and invests in diversified clean energy enterprises which emphasize on natural gas usage in the rapidly expanding Chinese market, including gas, synfuel, and power generation.

Our gas related activities are involved in utilizing the vast and expanding natural gas opportunities in China - including locally produced gas and those gas sources from the West-East Gas Pipeline Project in China. CNTG has demonstrated experiences in many important and distinct areas enabling it to commercialize these business opportunities.

CNTG also supports and develops other sustainable energies by acting as a "cutting-edge clearing house" for emerging technologies in the areas of gas, synfuels and renewable energy sources in order to better contribute to clean energy solutions for the future.

Our strategy in clean energy business is fully in line with the Environment Principles of the UN Global Compact to 1) support a precautionary approach to environmental challenges; 2) undertake initiatives to promote greater environmental responsibility, and 3) encourage the development and diffusion of environmentally friendly technologies.





Business and Corporate Development in the Headquarters

In addressing Labour affairs, CNTG has been upholding the relevant Four Principles of the UN Global Compact.

In our headquarters, CNTG has been developing its business in compliance with local labour laws and regulations. In view of the execution of the new labour law on minimum wage, we have re-examined the employment terms for every employee to ensure that our employment contracts are in compliance with local law.

We are also committed to upholding the elimination of discrimination in respect of employment and occupation. We fully adhere to the legislation on equal opportunities in employment. It can be demonstrated in our employment of minority race staff in our headquarters.

In addition, we have also conducted frequent updates on our Employee Handbook to ensure the employment policies are in line with the UN Global Compact Ten Principles and local labour development.



CORPORATE SOCIAL RESPONSIBILITY IN PROGRESS

While CNTG is developing a business to promote a greener world, we also fulfil our commitment to the UN by proactively educating and promoting sustainable development.

During the past year, CNTG has invested much effort at the Hong Kong, China and International levels. Our efforts can be categorized in two major areas:

- Participation in and sponsorship of relevant international events including conference and forum to promote sustainable development
- Public education campaign on sustainable development

Green Ambassador at 2011 Global Urban Development Forum

CNTG was pleased to take part in the 2011 Global Urban Development Forum and support it as a Green Ambassador. Held in January 2011 in Beijing, the international forum was organized with the approval of the State Council and National Development and Reform Commission of The People's Republic of China, and fully endorsed by UNDP China. Among the delegates of the forum were international participants and speakers who are current and past government leaders of nations, including Mr Al Gore, former Vice President of the USA. Speakers shared their insights in macro economic plans and private-sector strategies in driving urban development to achieve a green world. The support of this forum was another CSR milestone for CNTG. While CNTG Vice Chairman Mr Jonathan Chan spoke on public-private sector strategies and integration, CNTG Director Mr Samson Leung spoke on the role of property developers. Our messages were heard in the forum as well as through media relations with coverage by major print and electronic media in China, Japan and Hong Kong.

To further advocate the green message, marketing materials including a 'Green Action, Blue Sky' booklet, leaf-shaped bookmark with English and Chinese poems on GUDF and sustainable development, leaf souvenirs, green backdrops and newspaper supplement, etc were tailor-made for distribution at the forum and future use.



GUDF is fully endorsed by UNDP China.

Launch of LEAD at World Economic Forum 2011, Davos

At the World Economic Forum held in January 2011 in Davos, the UN Global Compact LEAD, a specially formed core group selected from the 6,000+ members of the Global Compact, was launched. Privileged to be invited as one of the 54-member core group, CNTG attended the launch session with a delegation of five. At the session, participants renewed their commitments towards the Ten Principles and shared insights and visions into advancing the UN Global Compact. CNTG Director Dr Carlye Tsui addressed the launch session and expressed CNTG's beliefs in building the Ten Principles into board roles of corporate governance and extending encouragement and influence in the respective local governments and communities. A supplement was published at China Daily to further spread the messages to China citizens as well as the world.



Newspaper Supplement





United Nations Global Compact Week

In May 2011, CNTG furthered its support of the United Nations by participating in the UN Global Compact Week in Copenhagen, Denmark.

At the Global Compact Annual Meeting, the Annual Local Network Forum and a variety of issue-specific meetings, CNTG was pleased to join hands with other practitioners and experts to elevate efforts in an initiative to improve collaboration and strengthen business commitments to sustainability and the broader UN agenda. In particular, we participated in "Meeting with the Sub-Working Group on Oil and Gas" within the Global Compact's Working Group to share expectations, identify areas of common interest, and exchange experiences on the existing practices on the 10th UN Principle against Corruption.

CNTG was pleased to be among the 500 representatives from the most active companies and organizations within the Global Compact. The UN Global Compact Week was an invaluable opportunity for CNTG to learn more about the initiative's work and share the experiences of our counterparts. It helped us to better formulate our business strategies and operations for a sustainable and healthy world under the UN guidance.



Public Education Campaign

To support UN's efforts to arouse public concern on environmental issues, educate the public on sustainable development, and seek for their support for a greener world, CNTG has launched a large-scale public education campaign on sustainable development over the year.

Advertisements with messages on sustainable development, environmental protection and a green world were posted at diversified media covering:

- Print Media: magazines and newspapers for circulation in Hong Kong and airport lounges in the Asia-Pacific region.
- Outdoor Media: lightboxes at local mass transit railway system, and large-scale outdoor billboards at CBD area and on the way to Hong Kong International Airport, and
- TV Commercial: bilingual TV commercials broadcast at cable TV station



With a comprehensive advertising / education campaign, CNTG hopes to arouse further attention from the public and obtain their support of the UN Principles in Environment.



Website and TV commercials





TOP MANAGEMENT ENGAGEMENT IN PROGRESS

At CNTG, we believe support of UN's Ten Principles should go beyond business arena. While CNTG commits to support the UN Principles in its business development, directors and officers of the Company are also actively involved in community affairs personally. We believe only a combination of business and personal commitment to the Ten Principles can help achieve the ultimate objective of a beautiful world.



AFM Conway, Principal Adviser

Mr Conway's public service covers areas of sports, arts and corporate governance. Apart from serving as Independent Non-Executive Director for a number of listed and regulated companies, he is heavily involved in boards and committees for sports, particularly in the role of Vice President, Olympic Committee of Hong Kong, China. In these roles, he took cognizance of the Ten Principles of the UN Global Compact and ensured that they are addressed in appropriate areas.





Environmental friendly
Chinese musical instrument

Dr Carlye Tsui, Director

Dr Tsui's multiple roles in public service stem from her expertise and strong interest in the promotion of good corporate governance. One of these roles is Chairman of the Hong Kong Chinese Orchestra, Hong Kong's only large-scale professional Chinese orchestra and one of the world's leading orchestras that performs ethnic symphonic music with Chinese musical instruments.

Her scope of interest in good corporate governance covers, inter alia, areas of corporate social responsibility, human resources policies, environmental issues, internal control and anti-corruption policies. One recent mission of the Hong Kong Chinese Orchestra that she led and supported was the concert tour of the Orchestra to Europe in Jan-Feb 2011, in the role of cultural ambassador for Hong Kong as well as in the trial of the Orchestra's new environmental friendly series of musical instruments in the cold weather, particularly in the Arctic Circle.



LOOKING AHEAD

As concluded in previous COP of CNTG, our business principles will continue to evolve and adapt to the ever-changing world in which we live. Our progresses in the last year have well demonstrated our commitment to the UN's Ten Principles.

Looking ahead, CNTG will continue to keep up our commitment in supporting the UN Global Compact in the years to come.



