



COMMUNICATION
ON
PROGRESS

Our progresses in ten principles of the United Nations Global Compact

HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7 Businesses are asked to support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.



PREAMBLE

An international company based in Hong Kong, China NTG Gas Group Limited (hereinafter referred to as “CNTG”) invests in the integrated distribution of natural gas and supports other sustainable energies to better serve future clean energy solutions for China as well as the world.

CNTG is a green energy company committed to increasing environmental awareness and the promotion of sustainable resources. We aim to create a world focused on the intelligent use of natural resources and enhancement of global well-being.

As our corporate business principles continue to evolve, we are always reaching out to business partners as we work to connect with leaders in the sustainable energy vertical.

We abide by the principles of good corporate governance. We aim to develop the corporate culture of implementing best practices in corporate governance, led by our board of directors and permeated through our management and staff.

Policies and procedures are established by our board to direct and control CNTG’s performance and behavior, in order to achieve sustainable values for our shareholders and stakeholders. Accordingly, the board determines strategic directions, appoints top management, delegates authorities and responsibilities to management, evaluates progresses and achievements of management and makes corporate reporting to whom an account is properly due. All these are monitored in the context of conformance (to legislation, regulation, corporate policies and commitment) and performance (in aims, goals and targets).

A major commitment that we have made is to fulfill the stipulation of the Ten Principles of the United Nations Global Compact.

PROGRESSES IN TEN PRINCIPLES



PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Actions realized:

- Our company supports and implements internal human resources policy to protect the human rights of our employees.

A brief description of our processes and systems:

- We have implemented a non-discrimination policy in employment of new recruits and provided a safe and healthy working environment to our employees.

Activities implemented in the last year/planned for next year:

- We have recruited new employees from different sexes, nationalities, ages and education backgrounds. Our current profiles contain employees of both sexes and different ethnicities from China, Hong Kong, Pakistan, Japan and Canada.
- We have also taken into consideration of the safety and healthy working environment of our employees when designing our new office layout.
- We will continue to implement the above practices in all of our future offices in countries where we will operate.

Measurement of (expected) outcomes and value added for our company:

- We are able to show our business partners and customers that we are not only non-discriminative in employment but have also created an international company image for being so.
- Our employees feel good about the environment of the company and will make our future recruitment easier.



PRINCIPLE 2

Businesses should make sure that they are not complicit in human rights abuses.

Actions realized:

- Our company respects the human rights of our employees as well as that of our suppliers. We will try our best effort to eliminate human rights abuses in the conduction of our business.

A brief description of our processes and systems:

- We have clearly stated in our Code of Conduct paragraph 1.1 that we will make the relocation of our employees on a voluntary basis and not compulsory.
- We have also stipulated in our Code of Conduct paragraph 2.3 that we will purchase from only suppliers that observe the human rights of their employees.

Activities implemented in the last year/planned for next year:

- We will keep track of the relocation of staff when we open new offices in the future and facilitate their adjustment to the new working and cultural environment.
- We have already taken into action of the human rights issues in selecting suppliers and we will continue to reinforce the practice in the future.

Measurement of (expected) outcomes and value added for our company:

- With the collective effort of our team, we will gradually create a fair and positive image of the company. We will aim at getting recognition and rewards from related organizations and bodies.



PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Actions realized:

- Our company recognizes the right to collective bargaining and freedom of association of our employees. Our company takes a proactive approach to implement this practice.

A brief description of our processes and systems:

- We have stipulated in our Code of Conduct paragraph 1.3 that we will organize Joint Management & Staff Liaison Meetings as well as sponsor the setup of a Staff Social Club to strengthen the communication between the management and staff and among staff.

Activities implemented in the last year/planned for next year:

- We held the first Joint Management & Staff Liaison Meeting earlier this year, with tremendous valuable feedback and suggestions from our employees. We have taken into consideration of most of the suggestions and will implement them gradually in due course.
- We have already advised our employees to set up a Staff Social Club. We expect the Club will be formally formed by the middle of this year.

Measurement of (expected) outcomes and value added for the company:

- Our employees treasure very much the opportunity of being able to voice out freely and collectively to the management. We are confident that this forum would be valuable to both management and employees.
- We are looking forward to participate in the first social activity to be arranged by the Staff Social Club.



PRINCIPLE 4

Businesses should support the elimination of all forms of forced and compulsory labour.

Actions realized:

- Our company is a true believer and supporter in the elimination of all forms of forced and compulsory labour. The company will try every effort not only within the company to achieve the target but will also seek to influence our stakeholders as well.

A brief description of our processes and systems:

- We have stated clearly in our Code of Conduct paragraph 1.1 that we will provide equal opportunities to employees and that we will treat them as individuals.
- We have also stated in the same paragraph above that relocation of staff will be on a voluntary basis and not compulsory.

Activities implemented in the last year/planned for next year:

- All employees have signed proper employment contracts with terms acceptable to both sides. Freedom to be employed and leave are included as part of the employment contract.
- We do not need relocating our staff to other locations/countries yet, but we will strictly observe our Code of Conduct paragraph 1.1 when the occasions will arise in the near future.

Measurement of (expected) outcomes and value added for our company:

- Our commitment to this practice has already created a harmonic working relationship with our employees. We will expect a very high staff satisfaction index to come out when we will do our first staff attitude survey later this year.



PRINCIPLE 5

Businesses should uphold the effective abolition of child labour.

Action realized:

- Our company, as a policy, refuses the employment of child labour in any form from the very beginning when the company was set up.

A brief description of our processes and systems:

- We have established the policy of not employing child labour in our Code of Conduct paragraph 1.5. Our company has followed this policy strictly in the past and will enforce it in the future in whatever countries we will operate.

Activities implemented in the last year /planned for next year:

- We have implemented a strict procedure that we must verify the particulars on the identity cards of our new employees and keep copies in our company records. We have checked carefully especially the dates of birth of our employees making sure they are above the age of 18 when being employed.
- We will enforce the practice in the future in countries where we will operate.

Measurement of (expected) outcomes and value added for our company:

- We have shown our stakeholders that we are determined and will continue to eliminate the employment of child labour. Our stakeholders are very supportive of us on this practice.





PRINCIPLE 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Action realized:

- Our company is in full support of the principle of the elimination of discrimination in respect of employment and occupation.

A brief description of our processes and systems:

- We have stated in our Code of Conduct paragraph 1.1 the policy of equal opportunities.
- We adhere to the legislation on equal opportunities stipulated in the jurisdictions of our sites of operations.

Activities implemented in the last year/planned for next year:

- We have ensured the adherence of this principle by our human resources department in the recruitment processes and all managers in the management of their respective staffs.
- We will enforce the practice in the future in countries where we will operate.

Measurement of (expected) outcomes and value added for our company:

- Our staff is fully aware of our company's policy and adherence to it, resulting in high morale.



PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

Action realized:

- Our company embraces the principle of taking a precautionary approach to environmental challenges.

A brief description of our processes and systems:

- We have stated categorically in our Vision to be a contributing member in a green world, in our Mission to contribute consistently towards a healthy living environment for the people.

Activities implemented in the last year/planned for next year:

- We have developed a Green Policy in our office.
- We will enforce the practice in the future in countries where we will operate.

Measurement of (expected) outcomes and value added for our company:

- Our staff is fully aware of our company's Vision, Mission and Green Policy.
- Our company image is built on our environmental friendly products and practices.



PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Action realized:

- Our company embraces the principle of undertaking initiatives to promote greater environmental responsibility.

A brief description of our processes and systems:

- We have stated categorically in our Vision to be a contributing member in a green world, in our Mission to contribute consistently towards a healthy living environment for the people and in our Values to be a community educator on sustainable development and a responsible corporate citizen of the global village.

Activities implemented in the last year /planned for next year:

- We have spearheaded the set-up of the Global Alliance for Sustainable Development and Low Carbon.
- We are the sponsor of this Global Alliance, with objectives in supporting, promoting and facilitating projects in research and development as well as public education on sustainable development and low carbon emission.
- We will continue to extend sponsorship and support in expanding this Global Alliance.

Measurement of (expected) outcomes and value added for our company:

- Our stakeholders and associates are very encouraged by our taking up of a greater environmental responsibility and encouraging others to take up such a greater responsibility as well.



PRINCIPLE 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Action realized:

- Our company embraces the principle to encourage the development and diffusion of environmental friendly technologies.

A brief description of our processes and systems:

- We are actively engaged in the supply of clean and reliable energy in order to support sustainable growth in China and participate in the global action of emission reduction.

Activities implemented in the last year /planned for next year:

- We have commenced with building infrastructure for the supply of clean energy.
- We are the sponsor of the Global Alliance for Sustainable Development and Low Carbon, with objectives in supporting, promoting and facilitating projects, inter alia, in research and development of products and technology in clean energy.

Measurement of (expected) outcomes and value added for our company:

- Our network of stakeholders and work partners is expanding. All are aligned with the objective and culture of developing and adopting environmental friendly technologies.





PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Action realized:

- Our company places emphasis on proper business transactions and works against corruption in extortion, bribery and any other form.

A brief description of our processes and systems:

- We have stated clearly in our Code of Conduct paragraphs 1.7 and 2.4 the stipulations regarding anti-corruption for employees and suppliers respectively.
- We adhere to the legislation on anti-corruption stipulated in the jurisdictions of our sites of operations.

Activities implemented in the last year /planned for next year:

- We have ensured the adherence of this principle by our staff and educated them in the above processes and systems.
- We will enforce the practice in the future in countries where we will operate.

Measurement of (expected) outcomes and value added for our company:

Our staff and suppliers work with awareness of our value of integrity. This in turn boosts morale and corporate image.



LOOKING FORWARD

Finally, CNTG's business principles will continue to evolve and adapt to the ever-changing world in which we live. To pave the way forward, our basic foundational beliefs are sound and reflect our progressive thinking, creative direction, and our understanding of people's present environmental needs and their hopes and dreams for the future.



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The management of China NTG Gas Group Limited

is committed to develop the Company to become a world-class corporate citizen. We have developed our code of conduct covering our responsibilities to the employees, suppliers, customers, shareholders, society and environment. We intend to further develop our code of conduct covering all the UN Global Compact's ten principles in due course.

1. TO EMPLOYEES

1.1 Equal Employment Opportunities

We will provide equal employment opportunities to our employees disregarding race, religion, color, sex, age, national origin and handicap status in relation to all personnel matters such as recruitment, training & development, promotion, dismissal, transfer and benefits. All employees will be treated as individual solely according to their abilities to meet job requirements.

We will, at the right moment, expand to international. We will require employees to work away from their home bases. We will welcome our employees to apply for such re-locations voluntarily and will not make them compulsory, except absolutely necessary and for a short period.

1.2 Occupational Health and Safety

We will comply with all local occupational health and safety rules and regulations in countries where we operate and provide a good and healthy working environment to our employees.

We will organize internal & external training on occupational health and safety to our employees on a regular basis making sure that all our employees are fully aware and follow the related rules and regulations.



1.3 Communications with Employees

We will respect the rights of our employees and welcome their suggestions. As such, we will organize bi-monthly Joint Management and Staff Liaison Meeting. Staff representatives will be elected by all employees and management representatives will be nominated by the management. Staff Representatives will collect all issues of concerns and suggestions from all employees and submit them to the secretary of the Meeting in advance. Issues will be discussed and resolved within the Meeting or, for major changes, reported to the management.

We will request our employees to form a Staff Social Club to organize social activities for our employees. The Club will also serve as a platform for our employees to meet and exchange issues of concern. We will sponsor part of the expenses of the Club.

1.4 Remuneration and Staff Benefits

We, as a responsible employee, will provide competitive remuneration and staff benefits to our employees. Reviews will be made usually on an annual basis and staff will be rewarded fairly according to their performance. Employees will be free to voice out any issues of concern to their supervisor or management, as appropriate.

We will respect the dignity and privacy rights of individual employee. We will keep our employee records including remunerations and benefits confidential. Likewise, we will expect our employees to keep such information confidential.

We will expect our employees to observe the rules as regulations of the Company as laid down in the Employee Handbook which will be reviewed from time to time.





1.5 Employment of Child Labour

We will prohibit the employment of child labour generally. However, in developing countries where we operate, the situation might be slightly different. But in any case, we will exercise our best judgment on such activity and will follow the guidelines as laid down by the ILO conventions.

1.6 Training and Development

We will set up a mentor system and give orientation and on-the-job training to new employees enabling them to have a good start in the Company. We will treat employee growth as an important. We will seek opportunities internally and externally to train up ours. We will sponsor our employees to attend conferences, seminars and training courses of job-related nature.

1.7 Prevention of Bribery, Corruption and Illegal Payments

We will not tolerate any bribery, corruption or other illegal payments by our employees in the forms of cash, loan, gift and benefits of any kind. We will issue clear instructions to our employees not to do so as well as lay down clear internal procedures to prevent the occurrence of such activities. We will report to the law reinforcement authority to take legal actions without hesitation. We will comply with the laws and regulations of the countries in which we conduct business. We will respectfully request our employees to report in confidence, to the management should they know such activities occurred or being occurred.

2. TO SUPPLIERS



2.1 Fair and Open Competition

We will comply with business ethics as well as laws and regulations in our purchasing of products and services. We will purchase basing on quality, price, delivery and other related factors. We will, for smaller purchases, call for quotations of a minimum of two suppliers. We will set up tendering procedures for major purchases. We will call for tenders and follow the tendering procedures in selecting supplier.

2.2 Supplier Relationship

We will establish long term and equal cooperative relationship with our suppliers. We will hold high-level meetings, conduct open routine communications and perform site visits on a regular basis so as to realize the mutual benefits and achieve win-win results.

2.3 Requirements on Suppliers

We will purchase only from suppliers that observe the human rights of their employees, the obligation not to employ child labour and follow the relevant environmental protection rules in production. In the unlikely event that any of our selected suppliers do not fully comply with the requirements, we will advise them in writing and request them to rectify the situation. We will monitor the rectification process until they are fully compliance to the requirements.

2.4 Prevention of Bribery, Corruption and Illegal Payments

We will require our suppliers to follow applicable laws and regulations preventing bribery, corruption and illegal payments. We will require our suppliers not to make illegal or improper payments to our employees in any forms, including cash, loan, gift and benefits of any kind. We will have no hesitation to report such activities to the law reinforcement authority and cease buying from the supplier immediately.





3.TO CUSTOMERS

3.1 Product Provisioning

We will only provide high quality and low price products and services which are of environmental friendly nature to our customers. We will continuously improve our products and services to meet and exceed our customer satisfaction. We will work closely with our customers to fully understand their needs and concerns. We will provide products and services that our customers want.

3.2 Environmental Protection

We will sell the importance of environmental protection to our customers and encourage our customers to use products and services of such nature.

3.3 Contract Commitment

We will honor our commitments in the contracts with our customers and strictly observe our obligations in the contracts. In the event of any deviations by either side, we will hold bilateral high level discussions to overcome the problems prior to putting the cases to court.

3.4 Communications with Customers

We will keep our customers fully aware of our products and services including product features and benefits, product development, market trends and political environment.

3.5 After-sale Service

We will provide best-in-class after sales service to our customers ensuring our customers enjoying hassle-free, instant and complete selling cycle.

4.TO SHAREHOLDERS



4.1 Communications with Shareholders

We will treat our shareholders of vital important to our business. We will honestly keep them fully aware of the progress of the Company. We will explain the top-line and bottom-line to our shareholders and subsequently use our best efforts to deliver above average results. We will provide accurate and honest financial and accounting reports to our shareholders bi-annually and annually. We will alert our shareholders of any deviations, either positive or negative, to them.

4.2 Environmental Protection and Human Rights

We will continuously sell the importance of human rights and environmental protection to our shareholders and obtain their support. We will have to trade-off maximum profits for the correct human rights protection and environmental protection. We will welcome the participation of our shareholders in the Management and Staff Liaison Meetings and the Staff Social Club activities so as to understand directly the most current issues and concerns with the Company.

5.TO THE SOCIETY

5.1 Local Laws and Regulations

We will observe the local laws and regulations of the countries where we will operate. We will act faithfully and fulfill our tax obligations as a respectful and good corporate citizen in the local place. We will follow strictly the accounting and financial regulations in the countries where we will operate in reporting our business to the local authorities.





5.2 Supports to the Local Community

We will participate and sponsor the local community where we will operate in areas of environment protection, youth protection and development and other community charity projects. We will subject to the Board approval, allocate part of our profit to support the projects.

We will not perform any activities and production of anti-environmental or anti-safety nature in countries where we will operate. We will not compromise our belief for the sake of increased profit.

We will, if at all feasible and possible, employ local staff in countries where we will operate except a few key management staff. We will contribute to the employment rate and create a harmonic working environment.

6. TO THE ENVIRONMENT

6.1 Supports to Better the Environment

We will participate actively in the local and international environment protection organizations and committees. We will contribute and observe the guidelines and recommendations as stipulated by these organizations. We will implement them in our production, supply to customers and internal activities.

We will participate and sponsor environmental activities locally and international. We will build up our presence in the world scene.

6.2 Green Office Policy

We will implement green policy within our offices. We will not only aim at paperless office, but also excise due care to reduce the use of water, electricity, energy, the number of meeting and local and international travels.

6.3 Investments Policy

We will give priority to invest in environmental projects locally and internationally. We will not treat profit as the sole investment criteria in our consideration.

