

China Gas Holdings Limited

(the “Company”)

Contractor Management Policy

1. Purposes

The Company and its entities that adopt the management and control system of the Company (the “China Gas Group” or the “Group”) have formulated this policy, with the purpose of standardizing and strengthening the management of engineering contractors of the Group, maintaining a normal order of engineering construction projects of the Group and ensuring the quality of engineering construction. At the same time, it is aimed to evaluate the credit of the construction units, construction strength and technical level in a scientific, fair and comprehensive manner, and create a fair competitive environment. At the same time, it will encourage the contractors to assign professional health and safety management personnel and allocate respective funds to avoid health and safety risks, and ensure the safety and environmental safety of construction projects, and the safety and health of personnel participating in the projects. This policy is applicable to all contractors of China Gas Group’s projects, including all construction units, supervision units and engineering inspection units related to the projects.

2. Implementation

2.1. Contractors entry management

2.1.1. Contractors who seek to undertake engineering construction projects of the Group must enjoy independent civil rights, act as a legal entity that can independently bear civil liabilities, hold corresponding qualifications, technical strength and construction machines and tools for construction, and possess outstanding project performance and good reputation.

2.1.2. Necessary background investigation shall be conducted on the contractors applying for entry, and the investigation contents shall include registration data cross check, personnel affiliation, power of attorney of legal person, qualification of key personnel, strength of equipment and tools, performance of key personnel, employment background, etc. The shortlisted contractors must also provide the following safety certificates and information, including but not limited to: (1) quality management system certificate; (2) environmental management system certificate; and (3) occupational health system certificate, to ensure that the contractors have a management system for construction, environmental safety and employee health.

2.1.3. The head of Engineering Department of the Group may also organize special background investigation according to the specific conditions of the contractors, and the investigation team (investigator) must issue investigation opinions after completing the background investigation. Contractors receiving background investigation must actively cooperate with the Group's background investigation team. The Engineering Management Department of the Group shall issue the contractor entry permit to the contractors who are qualified and have passed the investigation of the Group. The valid period of the entry permit is three years, and shall be registered and filed with the Engineering Management Department of the Group every year according to the evaluation results of the previous year.

2.2. Contractor's Admission and Process Management

(1) Before commencement of the projects, the contractors must invite the professional safety officer from the Safety Supervision Department of the Group to conduct safety education and training for the construction personnel of the contractor.

(2) On the weekly meeting of engineering construction, the Group (as Party A) and the supervision unit (as the third party) shall propagate and implement the safety

requirements and employee health precautions, etc. to the project leader of the contractors.

3. Inspection and Evaluation

(1) Every year, China Gas Group shall arrange each regional operation and management centre to conduct two inspections for the contractors, including the accommodation provided by the contractors and health and safety of employees.

(2) The Group shall conduct a comprehensive spot check and assessment once a year. For the specific inspection contents, see the Scoring Table for Comprehensive Inspection of Engineering Management of China Gas Group - Contractor Management. The assessment results will be an important consideration for the contractors to renew the contract.

4. Withdrawal Mechanism

4.1. In the entry and annual audit of the contractors, if the assessment indicators do not meet the requirements, the entry qualification of the contractors will be revoked.

4.2. In case of any of the following circumstances, the contractor is required to withdraw.

4.2.1. Any falsification is found during the background investigation and is verified by inspection.

4.2.2. After the background investigation, it is found that the actual situation is seriously inconsistent with the information submitted for approval of entry, which cannot be rectified in a short period of time.

4.2.3. During the contract period, the requirements (personnel, machines and tools, etc.) for entry are not reached, or the engineering quality cannot meet the

requirements of Party A.

4.2.4. The project is commenced in violation of the Group's requirements for bidding management and contract management, and failing to perform relevant formalities.

4.2.5. In the performance assessment process of the Group, it is rated as level D (below 70 points) (meeting the exit conditions).

4.2.6. There are engineering quality accidents or engineering disputes in the process of construction, which bring serious reputation and economic losses to the Group.

4.2.7. Other situations where it is determined by the head of Engineering Department of the Group that the contractor is no longer suitable for undertaking the engineering construction of the Group.

5. Date of Adoption

This policy was issued for implementation on 20 June 2010, and will be updated in due course.