



山东墨龙石油机械股份有限公司  
Shandong Molong Petroleum Machinery Company Limited



Shandong Molong Petroleum Machinery Co., Ltd.

# 2025

## Environmental, Social and Governance (ESG) Report

Professional energy equipment manufacturer  
and service provider

Stock Abbreviation: Shandong Molong  
Stock Code: 002490, 00568

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# About the Report

## Report Description

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Shandong Molong Petroleum Machinery Co., Ltd. (hereinafter referred to as the “Company”, “we”, “us” or “Shandong Molong”) hereby publishes its Environmental, Social and Governance Report (hereinafter referred to as this “Report” or the “ESG Report”). In line with the principles of materiality, quantifiability, balance and consistency, this Report provides a detailed disclosure of the specific measures, key practices, highlight cases and key performance indicators undertaken in 2025 in actively fulfilling social responsibilities and effectively managing ESG risks and opportunities, thereby proactively responding to the expectations of stakeholders.

## Time Scope

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This Report is an annual report. The reporting period is aligned with that of the Company’s annual report, covering the period from 1 January 2025 to 31 December 2025. To ensure the completeness of information presented, certain contents may be appropriately extended or traced back to relevant periods.

## Reporting Boundary

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Unless otherwise specified, the boundary of this Report is consistent with the boundary of consolidation of the Company’s annual report.

## Basis of Preparation

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This Report has been prepared in accordance with the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation), the Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report, and the relevant requirements set out in Appendix C2 Environmental, Social and Governance Reporting Code to the Main Board Listing Rules of the Stock Exchange of Hong Kong.

## Languages and Access

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This Report is published in Simplified Chinese, Traditional Chinese and English, and is available for download from the Company’s official website ([www.molonggroup.com](http://www.molonggroup.com)), CNINFO ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the website of the Stock Exchange of Hong Kong ([www.hkex.com.hk](http://www.hkex.com.hk)).

## Valuable Feedback

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You may view or download the electronic version of this Report from the official website of Shandong Molong. The Company will continue to enhance and improve its disclosure standards and ESG governance in the future. Should you have any questions or suggestions regarding this Report, please feel free to contact the Company at:

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## Board Statement

The Board of Directors of the Company consistently upholds ESG as a core principle and has deeply embedded it into the Company's strategic planning, major decision-making and daily operations. By taking a holistic approach to high-quality corporate development, ecological and environmental protection, and social value creation, the Company diligently fulfils regulatory requirements and its corporate social responsibilities, striving in unity to build a sustainable future.

As the highest decision-making body for ESG matters, the Board of Directors has clearly defined the boundaries of responsibilities and division of duties at all levels, and has established a closed-loop management mechanism featuring overall coordination and decision-making by the Board, execution led by the management, collaborative implementation by various departments, and organisation-wide participation. This ensures that ESG principles are seamlessly integrated throughout the entire process, including production and operations, S&T innovation and compliance management, thereby promoting the deep integration and coordinated development of ESG and the Company's business.

The Board of Directors, taking into account changes in the domestic and international macro environment and the results of ESG materiality assessments, dynamically reviews the risks and opportunities faced in the ESG domain and coordinates the implementation of development strategies. It continuously enhances the ESG target review mechanism, evaluates progress and effectiveness, and supervises the optimisation and closed-loop implementation of relevant measures. In alignment with policy directions and stakeholders' concerns, the Board dynamically refines ESG objectives and strategies, thereby continuously improving governance and practice standards.

ESG is a systematic undertaking that spans the Company's entire value chain and involves cross-departmental collaboration. To effectively enhance ESG governance efficiency, the Board of Directors has established a Strategy Committee, which is responsible for reviewing and making recommendations on matters including the Company's long-term development strategy, major investment decisions, as well as ESG strategy, key issues and risk management. An ESG Working Group has also been formed as the executive body, responsible for the formulation of ESG-related policies, day-to-day management and implementation, thereby demonstrating accountability through concrete actions.

Looking ahead, the Board of Directors will continue to uphold ESG as a core principle, strictly comply with relevant regulatory requirements, continuously optimise ESG management strategies, deepen the integration of ESG with the Company's business, and advance the implementation of ESG strategies, thereby creating long-term value for all stakeholders.

# Chairman's Statement

As time moves forward, a new chapter unfolds. The year 2025 marks a year in which Shandong Molong remained true to its original aspiration and pressed ahead with determination. It is also a year in which ESG was deeply embedded into the Company's DNA, enabling high-quality development and responsible commitment to reinforce one another. Upholding the enterprise spirit of "loyalty, integrity, dedication and innovation", and guided by the core principles of "compliant operation, green development, people orientation, and mutual benefit and coexistence", we have remained focused on strengthening our core business and enhancing quality and efficiency, while earnestly fulfilling our social responsibilities, improving corporate governance, and advancing the transition of ESG from "passive compliance" to "proactive leadership", thereby responding to the trust and expectations of our stakeholders through concrete actions.

Throughout the year, we have remained committed to our green mission and the protection of our ecological environment. Adhering to the development philosophy that "lucid waters and lush mountains are invaluable assets", we have integrated environmental protection into our development strategy and strictly complied with all applicable environmental laws and regulations. We have promoted the transition of our energy structure, optimised production processes, achieved full recycling of production water, and continuously reduced emissions of waste gas, wastewater and solid waste, thereby setting a benchmark for low-carbon transformation in the industry through green practices. At the same time, we have systematically advanced low-carbon production processes and actively responded to the opportunities and challenges posed by climate change.

Throughout the year, we have actively fulfilled our social responsibilities and fostered collective momentum for development. Upholding a "people-oriented" approach, we have prioritised employee rights and interests, enhanced our staff training system, organised job skills assessments and various training programmes, and promoted the overall capability development of all employees. A hardship assistance fund has been established to support employees in need, and youth staff forums have been held to provide growth platforms for young talent, enabling mutual development between employees and the Company. We remain committed to customer-centricity, strictly controlling product quality and optimising customer service. Customer satisfaction has steadily improved, reflecting our commitment to repaying trust with high-quality products and efficient services. In supply chain management, we have deepened collaboration with suppliers through annual supplier forums and upheld our commitment that 100% of suppliers sign the Supplier Code of Conduct, thereby building a stable, green and mutually beneficial supply chain. Actively engaging in social welfare, we have participated in regional collaborative development initiatives. We have deepened cooperation with local enterprises and governments, demonstrating corporate warmth and social responsibility through concrete actions. In overseas markets, we have seized opportunities presented by the Belt and Road Initiative, conducting market research and expansion in Africa, the Middle East and other regions, signing multiple overseas contracts, achieving significant breakthroughs in international business, and enhancing the global influence of our brand.

Throughout the year, we have strengthened corporate governance to consolidate the foundation for sustainable development. We have continuously optimised the governance structure, standardised the operations of the General Meeting of Shareholders and the Board of Directors, and strictly fulfilled our information disclosure obligations, ensuring investors' rights to know and participate. Our internal control and risk management systems have been enhanced, with the establishment of a three-tier internal control management framework and a comprehensive risk organisational structure. Regular internal control audits and risk assessments have been conducted, effectively preventing various operational risks, and no major risk incidents or regulatory violations occurred throughout the year. We uphold business ethics and reinforce anti-fraud management by clearly defining the responsibilities of anti-fraud bodies and providing anti-corruption training, thereby fostering a clean and upright business environment. Moreover, we rigorously comply with anti-monopoly and anti-unfair competition regulations, safeguarding a fair and orderly market.

ESG is not an optional question, but a mandatory imperative for high-quality corporate development. Looking ahead, Shandong Molong will continue to be guided by ESG, steadfastly uphold its responsibility-driven mission, focus on its core business, and pursue innovation. We will continue to advance efforts in green development, social responsibility, and corporate governance, striving to achieve an integrated balance of corporate, social and environmental value. Through even stronger performance, we aim to reward all stakeholders and contribute Shandong Molong's strength to industry advancement and societal progress.



# Entering Molong and Process Review

## Company Profile

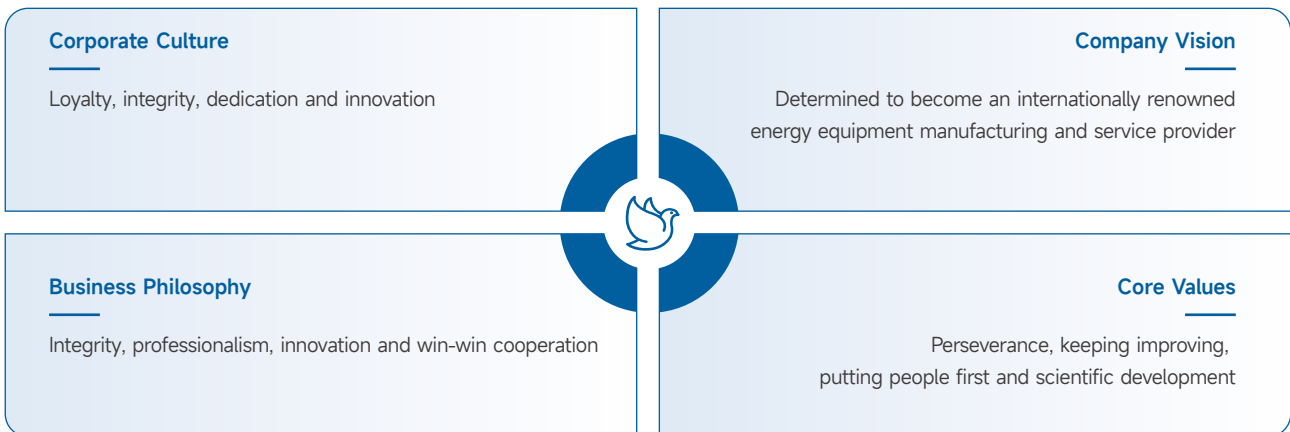
Shandong Molong is a listed company specialising in the manufacture and services of energy equipment. Established in 1987, its ultimate controlling shareholder is the State-owned Assets Supervision and Administration Bureau of Shouguang City. The Company was listed on the Hong Kong Stock Exchange in April 2004 (H-share stock code: 00568) and on the Shenzhen Stock Exchange in October 2010 (A-share stock code: 002490).

Over the years, the Company has successively been awarded a number of honours, including “National High and New Technology Enterprise”, “Key High-tech Enterprise under the National Torch Programme”, “National Intellectual Property Demonstration Enterprise”, and “Pioneer Enterprise in China’s Industrial Sector”. The “Molong” trademark has been successively recognised as a “Famous Trademark of Shandong Province”, a “China Well-known Trademark”, and a “Key Export Brand Cultivated and Developed in Shandong Province”.

For many years, as a qualified supplier to China’s four major petroleum groups, the Company’s products have been widely applied in industries such as oil, natural gas, shale gas and coalbed methane exploration and extraction, coal mining machinery, boiler manufacturing, and construction machinery manufacturing. Its products have been well recognised and highly praised by customers, laying a solid foundation for the Company’s long-term and steady development. The Company has established comprehensive ISO 9001 quality management, occupational health and safety management, environmental management, and energy management systems.

The Company was among the early enterprises to obtain international market access certifications, including the API certification of the American Petroleum Institute and the EU CE certification. At present, the Company’s business has expanded to major oil-producing regions across Asia, Europe, the Americas, Africa and Oceania, and it has obtained product qualification approvals in more than 50 overseas countries and regions.

Looking ahead, Shandong Molong will continue to uphold its business philosophy of “integrity, professionalism, innovation and win-win cooperation”, focusing on differentiated customer needs and prioritising the development of new products capable of meeting customers’ specialised applications. By delivering high-quality products and precise services, the Company aims to contribute to the prosperity and sustainable development of the energy equipment industry.



# Molong's Chronicle of Events in 2025

1

## Shandong Molong Conducts On-site Research and Expands International Cooperation in African Countries

In February 2025, relevant representatives of Shandong Molong led a delegation to Nigeria, Turkey, Tunisia, Egypt and other countries in Africa and the Middle East to conduct on-site research. The delegation actively promoted the Company's overseas strategic plans and products, establishing a platform for international cooperation and exchange.



2

## Shandong Molong Signs Multiple Overseas Contracts, Achieving Major Breakthroughs in International Business

In March 2025, Shandong Molong intensified its overseas market expansion and successively signed agreements for oil casing and pipeline products with clients in the United Arab Emirates, Egypt, Oman, Chile and other countries, totalling 120,000 tonnes, marking a significant breakthrough in its international orders.



3

## Shandong Molong Holds Senior Management Work Meeting

On 9 July 2025, Shandong Molong convened a work meeting for senior management. Chairman Han Gaogui provided a comprehensive summary of the first half of the year, and outlined subsequent work on overseas strategy, equipment upgrades, and project construction. He set forth six key directives, including cost reduction and efficiency improvement, bottom-line thinking, and the promotion of positive energy, mobilising all staff and cadres to strive relentlessly for high-quality development.



5

## Shandong Molong Participates in the Abu Dhabi International Petroleum Exhibition & Conference

From 3 to 6 November 2025, the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) was held at the Abu Dhabi National Exhibition Centre (ADNEC). Shandong Molong participated in the exhibition and successfully signed product orders exceeding 40,000 tonnes, marking another fruitful outcome in the Company's overseas market expansion.



4

## Shandong Molong Signs Strategic Cooperation Agreement with a Leading Local Oilfield Services Company in Oman

On 1 November 2025, Shandong Molong held a signing ceremony for a strategic cooperation agreement with a leading local oilfield services company in Oman, marking a further deepening of their collaboration.



6

## Shandong Molong Participates in the 21st China Steel Industry Chain Summit and the Launch Ceremony for the 30th Anniversary of Lange Steel Network

On 14 November 2025, Han Gaogui, Chairman of Shandong Molong, was invited to attend and deliver a speech at the 21st China Steel Industry Chain Summit and the launch ceremony marking the 30th anniversary of Lange Steel Network.



7

## Molong (Hainan) Agriculture Signs Strategic Cooperation Agreement with the Danzhou Municipal People's Government

On 17 December 2025, Molong (Hainan) Agriculture held a signing ceremony for a strategic cooperation agreement with the Danzhou Municipal People's Government. This agreement represents a key step in Molong (Hainan) Agriculture's establishment of agricultural projects in Hainan and lays a solid foundation for the future strengthening of its agricultural operations.



8

## Shandong Molong Holds 2025 Annual Supplier Forum

On 20 December 2025, Shandong Molong held its 2025 Annual Supplier Forum. The Company presented its operational performance, elaborated on future development plans, and invited outstanding suppliers to share their collaboration experiences, thereby laying a solid foundation for deeper coordination and enhanced resource sharing in future cooperation.



# ESG Governance

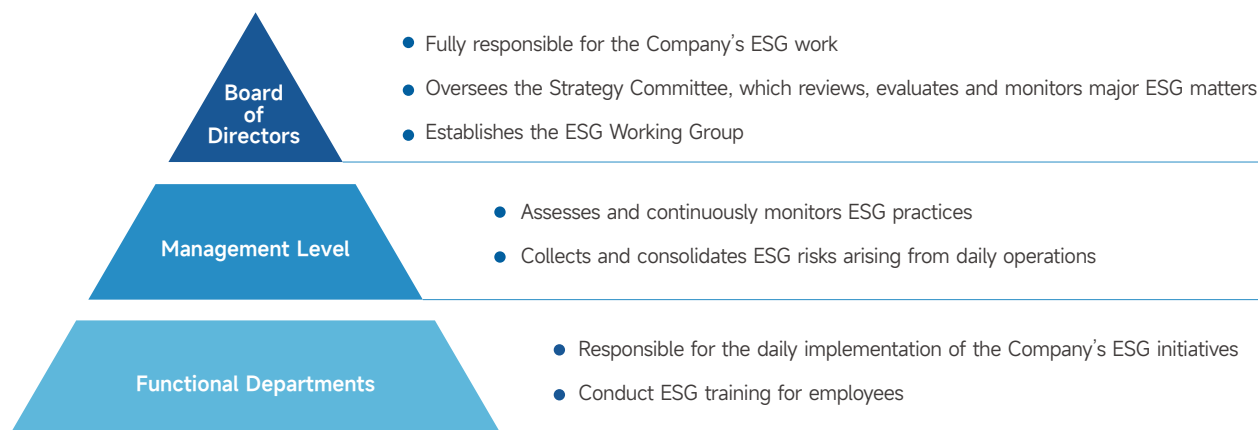
Shandong Molong continuously improves its ESG governance structure, strengthening the governance foundation for sustainable development. The Company actively maintains regular communication with stakeholders and, through scientific identification and systematic assessment of material ESG issues, provides strong support for the implementation of ESG strategic decisions, promoting coordinated development with stakeholders and jointly creating a sustainable future.

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## ESG Governance Structure

Shandong Molong has established a top-down ESG governance framework, promoting the deep integration of sustainable development concepts and management practices across all management levels and business areas. The Board of Directors has set up a Strategy Committee, which is responsible for reviewing the Company’s ESG strategy and ESG issue management and providing professional recommendations. The Committee guides and supervises the implementation of ESG-related operational decisions, reviews, evaluates and monitors major ESG matters, audits the Company’s ESG Report and other important ESG-related issues, and manages and oversees the disclosure of information relating to ESG matters.



## Communication with Stakeholders

Shandong Molong attaches great importance to constructive interaction and collaborative governance with its stakeholders, establishing a regular and transparent communication mechanism to earnestly fulfil its corporate social responsibility and information disclosure obligations. The Company leverages diversified communication channels to proactively listen to stakeholders’ concerns, widely solicit opinions and suggestions, and systematically organise and effectively transform the feedback, providing crucial support for the Company’s strategic decision-making and operational improvement.

Stakeholders	Topics of Concern	Communication and Response
 Investors and Shareholders	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Compliance Risk Control</li> <li>Information Disclosure</li> <li>Innovation-driven</li> </ul>	<ul style="list-style-type: none"> <li>Performance Briefings</li> <li>Enhancing Operational Performance</li> <li>Strengthening S&amp;T Innovation Capability</li> </ul>
 Government/Regulatory Authorities	<ul style="list-style-type: none"> <li>Compliant Operation</li> <li>ESG Governance</li> <li>Anti-bribery and Anti-corruption</li> <li>Employee Rights and Interests</li> <li>Social Welfare</li> <li>Anti-unfair Competition</li> </ul>	<ul style="list-style-type: none"> <li>Routine Communication</li> <li>Legal Operation</li> <li>Participation in Social Welfare Initiatives</li> <li>Maintaining a Healthy Competitive Environment</li> </ul>

Stakeholders	Topics of Concern	Communication and Response
 <p>Customers</p>	<ul style="list-style-type: none"> <li>• Product Quality</li> <li>• Customer Service</li> <li>• Data Security and Customer Privacy Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing Product Quality</li> <li>• Improving Customer Satisfaction</li> <li>• Establishing a Network Information Security Management System</li> </ul>
 <p>Suppliers</p>	<ul style="list-style-type: none"> <li>• Supplier Management</li> <li>• Industry Collaboration</li> <li>• Equal Treatment of Small and Medium-sized Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Lawful Fulfilment of Contracts</li> <li>• Honest and Cooperative Partnerships</li> </ul>
 <p>Employees</p>	<ul style="list-style-type: none"> <li>• Employee Rights and Interests</li> <li>• Employment Terms and Benefits</li> <li>• Career Development and Training</li> <li>• Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of Employee Rights</li> <li>• Improvement of Communication Channels</li> <li>• Multi-channel Skills Training and Development</li> <li>• Ensuring Work Safety</li> </ul>
 <p>Communities</p>	<ul style="list-style-type: none"> <li>• Green Production</li> <li>• Environmental Compliance Management</li> <li>• Community Welfare Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in Social Welfare Initiatives</li> </ul>
 <p>Environment</p>	<ul style="list-style-type: none"> <li>• Environmental Compliance Management</li> <li>• Climate Change Response</li> <li>• Energy Utilisation</li> <li>• Water Resource Utilisation</li> <li>• Circular Economy</li> <li>• Pollutant Emissions</li> <li>• Waste Treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Green Production</li> <li>• Strengthening Environmental Management</li> </ul>

# Materiality Assessment of Material ESG Issues

Shandong Molong regards the assessment of material topics as a key component of ESG management, using it to anchor the Company's ESG priorities, clarify the strategic direction of ESG initiatives, and provide crucial support for the precise implementation of related measures. The Company has established and continuously optimised a double materiality analysis mechanism, following the process of "research and background review → drafting a topic list → materiality assessment and confirmation → preparation of a dedicated report". The assessment systematically addresses the two core dimensions of "financial materiality" and "impact materiality", enabling structured evaluation, scientific prioritisation, and accurate selection of topics. During the reporting period, based on the core framework of material topics from the previous year, the Company conducted targeted identification and appropriate adjustments of relevant topics in light of business developments, industry practices, and regulatory disclosure requirements, laying a solid foundation for the orderly advancement of subsequent ESG initiatives.

## ① Assessment Process

### Research and Background Review

- Based on the Company's own business activities and operational layout, key impacts related to sustainable development across the value chain are identified, while also monitoring external macro policies, industry guidance, regulatory requirements, and emerging industry trends to systematically assess potential impacts.
- Comprehensive identification and mapping of internal and external stakeholders are conducted. By fully integrating business realities, ESG- and sustainability-related policies, standards, ratings, and peer practices are investigated to clarify stakeholder types and their key concerns.

### Drafting the Topic List

- Building on the topics identified in the previous year, potential new topics are further identified in consideration of relevant regulatory requirements, industry standards and trends, the Company's business characteristics, and industry benchmarking. Certain topics are optimised and consolidated to continuously enhance the accuracy and applicability of topic management.

### Materiality Assessment and Confirmation

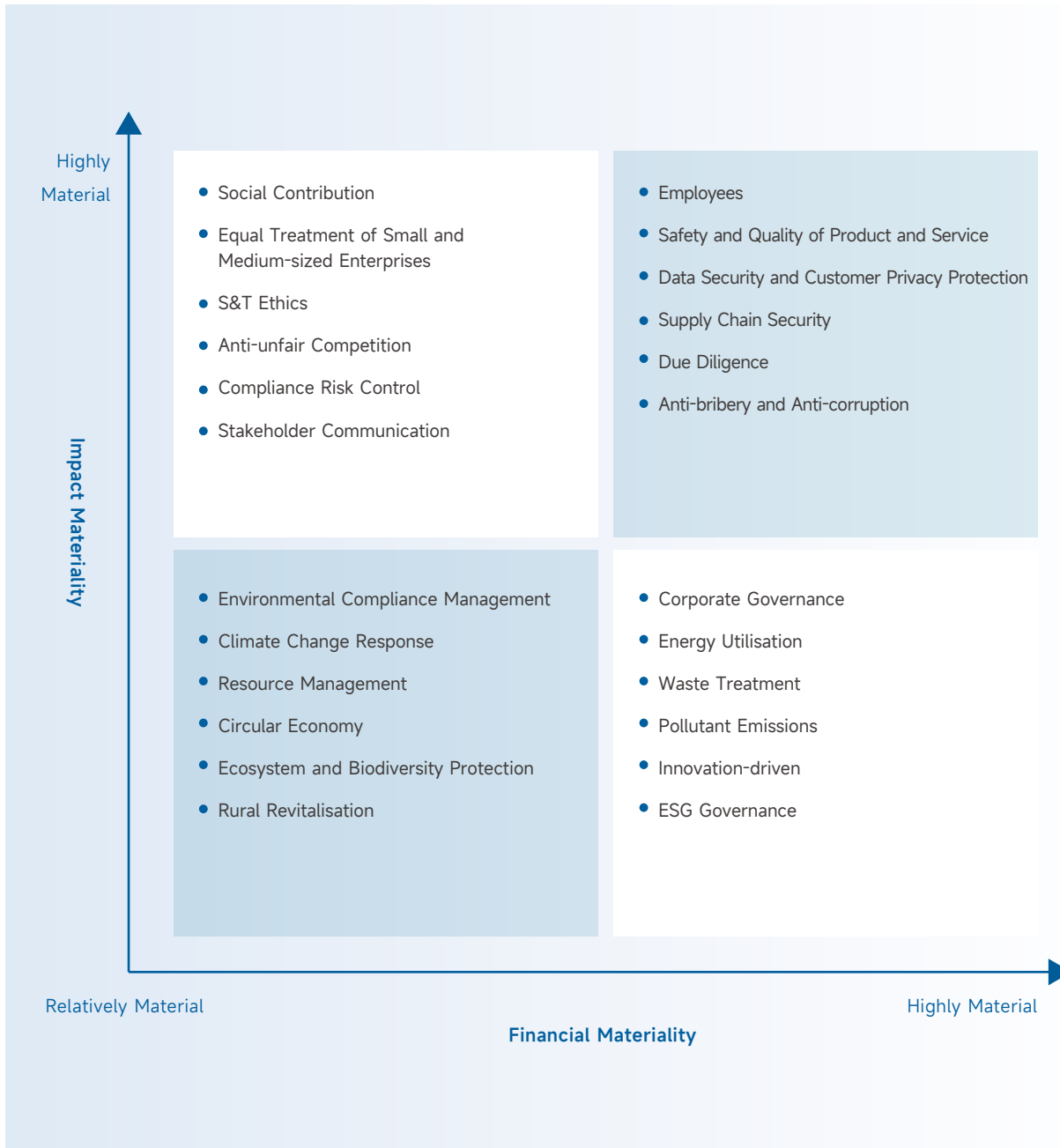
- **Impact Materiality:** Focusing on internal and external stakeholders, the potential impacts of relevant topics are comprehensively assessed through expert consultations, stakeholder surveys, and internal discussions. Evaluation considers the scale of impact, coverage, likelihood of occurrence, and feasibility of remediation, ultimately producing a conclusion on the impact materiality of each topic.
- **Financial Materiality:** A combination of questionnaire surveys and internal discussions is used to comprehensively assess the risks and opportunities associated with each topic. The assessment evaluates the extent and likelihood of impacts on the Company's business model, operations, strategic development, and financial condition, forming conclusions on the financial materiality of each topic.

### Preparation of a Dedicated Report

- Based on the results of the materiality assessment, a double materiality matrix is developed. Following review and approval by the Company's Board of Directors, targeted responses are provided in the report.

## Assessment Results

Following the identification process, six topics, including product and service safety and quality, as well as data security and customer privacy protection, were determined to possess both financial materiality and impact materiality. The results of the materiality assessment are presented in the matrix below.



Note: The Company's production, operations, and project construction activities strictly avoid ecologically sensitive areas, including ecological protection redlines and nature reserves, and currently do not involve activities that have a significant impact on ecosystems or biodiversity. The company has not yet initiated the poverty alleviation program for targeted assistance. Therefore, the Company does not currently disclose content related to the topics of "Ecosystem and Biodiversity Protection" and "Rural Revitalisation".

# G

## Sound Governance: Strengthening the Foundation for Development

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## Strengthening Party Leadership, Consolidating Development Synergy

◀  
Display of Molong Party-building Window

Shandong Molong upholds political development as the guiding principle, continuously reinforcing theoretical education and organisational capacity, optimising the Party organisation system, strictly managing Party member education, and innovating Party-building initiatives to firmly consolidate the grassroots stronghold. The Company continuously deepens the integration of Party-building work with production and business operations, improving collaborative mechanisms and performance evaluation systems to ensure that Party-building efforts resonate and align with business development. Efforts are made to strengthen work style, eliminate formalism, and optimise the cadre team, providing robust political assurance and organisational support for the Company's high-quality development. The Company also earnestly advances Party conduct and clean governance, enforcing discipline and rectifying malpractices, thereby fostering a clean and upright governance ecosystem.



Display of Molong Party-building Window

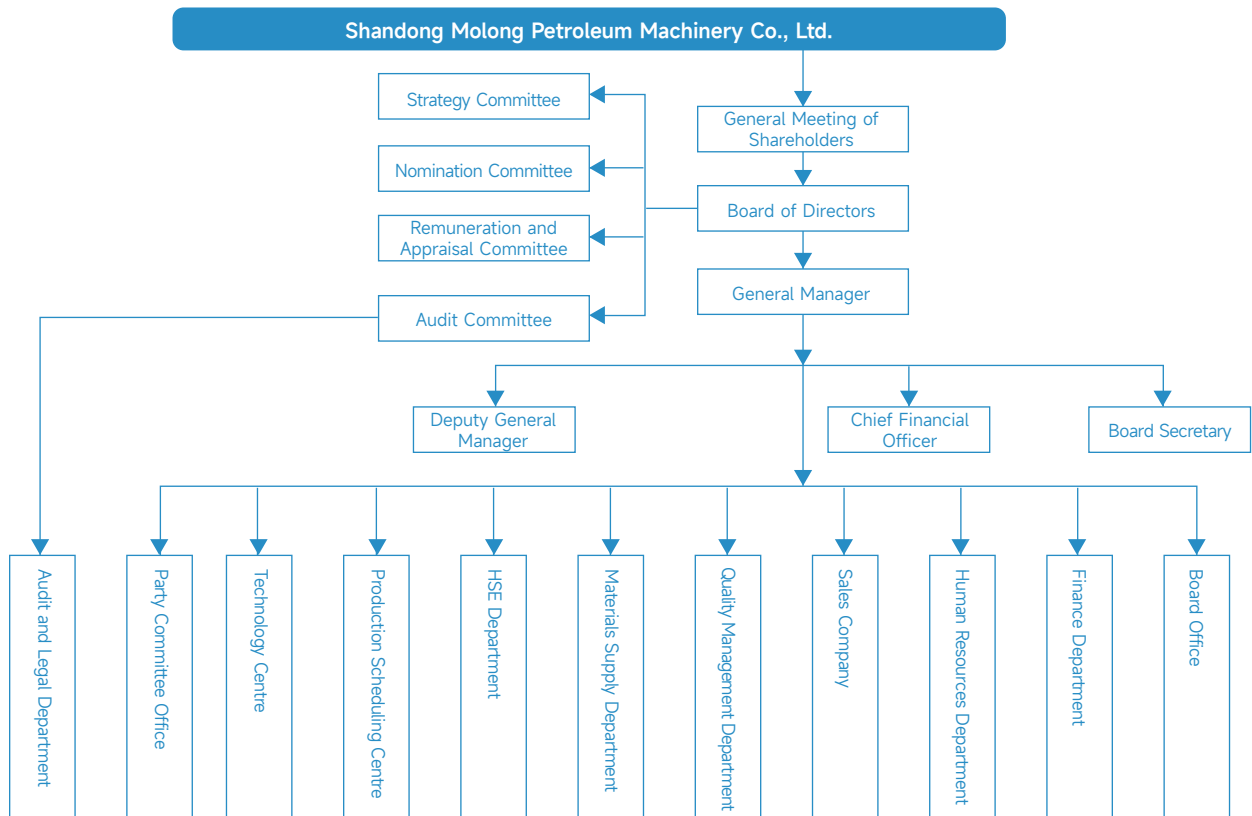
## Enhancing Corporate Governance, Improving Governance Effectiveness

Shandong Molong consistently regards sound governance as the cornerstone of high-quality development. By establishing a modern corporate governance system with clearly defined responsibilities and efficient operations, the Company continuously enhances the scientific basis of decision-making and the effectiveness of execution.

### ◎ Standardised Management and Operations

Shandong Molong strictly complies with laws, regulations, and normative documents including the Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange—Standardised Operations of Mainboard Listed Companies, and the Listing Rules of the Stock Exchange of Hong Kong. The Company has established and continuously improved a governance system centred on the Articles of Association and the Procedural Rules for General Meetings of Shareholders, steadily enhancing governance structures, strengthening operational standards, and improving governance effectiveness, thereby laying a solid foundation for high-quality and sustainable development.

The Company has established a governance structure with clearly defined responsibilities and effective checks and balances. The General Meeting of Shareholders serves as the highest authority of the Company; the Board of Directors acts as the decision-making body, with directors elected by the General Meeting of Shareholders, exercising decision-making and supervisory powers within the scope authorised by the General Meeting of Shareholders. The management team, appointed by the Board of Directors, functions as the executive body, taking full responsibility for the Company's daily operations. Each Deputy General Manager oversees different departments to ensure smooth business operations across all areas. During the reporting period, in response to regulatory requirements, the Company abolished the Boards of Supervisors and transferred its supervisory authority to the Board's Audit Committee.



- 1 Party Committee Office** Responsible for Party-building management and administrative management, including Party-mass publicity, corporate culture communication, public opinion management, "three official" affairs management (official documents, official vehicles and official seals), external reception, company licences and certificates, logistics and greening, archives and meeting administration, supervision and follow-up of key tasks, and other related matters.
- 2 Audit and Legal Department** Responsible for formulating the Company's regulations and workflows for supervision (efficiency supervision and disciplinary inspection) and audit work, and organising the implementation of related activities; organising inspections and evaluations of the reasonableness and implementation effectiveness of the Company's internal control system, as well as risk control management; and reporting to the Board of Directors.
- 3 Board Office** Responsible for the operation of the Company's "three committees", information disclosure, investor relations management, corporate governance, capital operations, and ensuring compliance of listed company operations in accordance with requirements of regulatory authorities such as the securities regulatory commission and stock exchange.
- 4 Finance Department** Responsible for the formulation of the Company's accounting policies, accounting, fund management, cost management, tax management, property insurance management, financial reporting and analysis, and the development of internal control systems.
- 5 Human Resources Department** Responsible for human resources planning for the Company and its subsidiaries, training, performance and remuneration management, corporate culture development, personnel services, and the institutionalisation, development and implementation of the corporate management system.
- 6 Technology Centre** Responsible for the Company's standardisation management, as well as the research and development of new products, new technologies and new processes, and customised products tailored to customers' requirements, and providing technical support for production operations and manufacturing activities.
- 7 Production Scheduling Centre** Responsible for production planning and scheduling as well as supervision and control, contract and procurement review, equipment management, production data statistics, and other related matters.
- 8 HSE Department** Responsible for formulating the Company's HSE policies and systems, and comprehensively managing work relating to work safety, environmental protection, and occupational health and safety.

- 9** **Materials Supply Department** Responsible for procurement management, transport management, warehouse management, outsourcing management, as well as related matters including contract review, inbound and outbound warehouse management, company vehicle management, lifting operations, and other associated activities.
- 10** **Quality Management Department** Responsible for quality management of raw materials and finished products, as well as quality control during the production process; responsible for the normal operation of the Company's QES management system.
- 11** **Sales Company** Responsible for customer development in domestic and overseas markets, product sales, market maintenance and related business activities, as well as associated matters including contract review, tendering and bidding, product documentation, shipment, payment collection, and market information management.

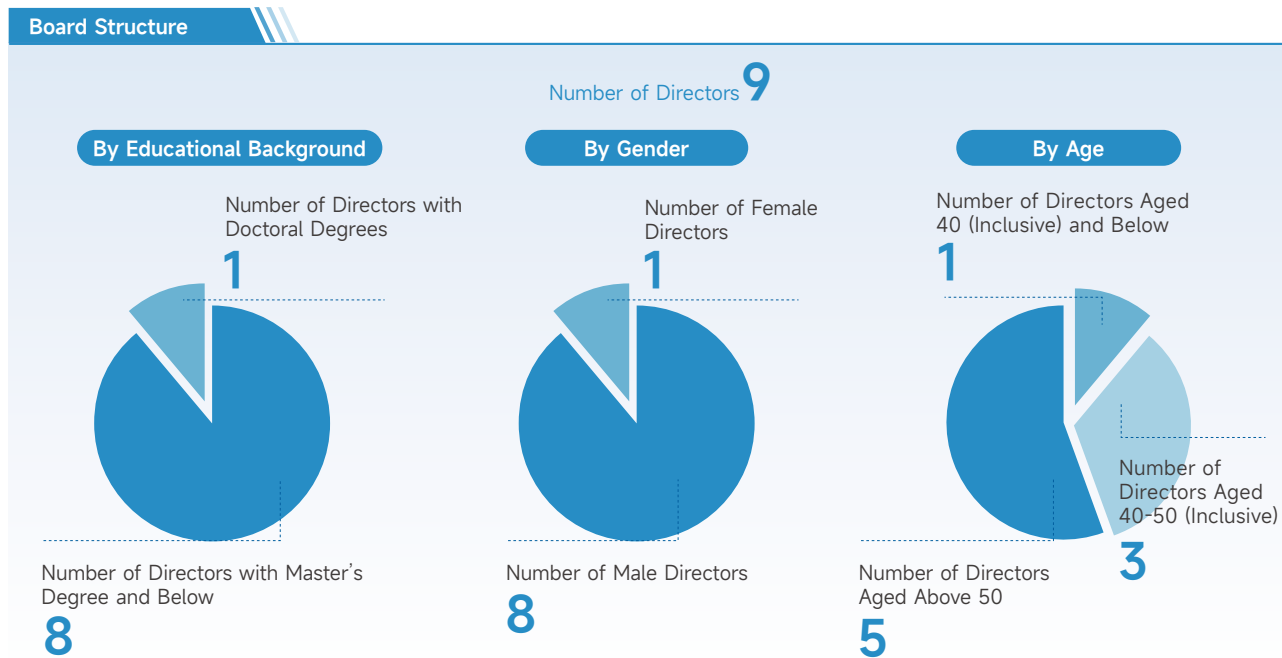
### ■ Shareholders and General Meeting of Shareholders

Shandong Molong strictly standardises the procedures for the convening, holding and voting of General Meetings of Shareholders, and fully adopts a combination of on-site voting and online voting to facilitate the exercise of rights by all shareholders, ensuring that all shareholders, particularly minority shareholders, are able to fully exercise their rights.

During the reporting period, the Company convened a total of 1 annual General Meeting of Shareholders and 2 extraordinary General Meetings of Shareholders, all of which were convened and held by the Board of Directors. Meanwhile, the Company engaged professional lawyers to witness the meetings on site and issue legal opinions on matters including the convening of the meetings, the qualifications of attendees, the qualifications of the convenor, the voting procedures and the voting results, thereby ensuring the standardised operation of the General Meetings of Shareholders.

### ■ Board Diversity Development

Shandong Molong regards board diversity and inclusive governance as an important cornerstone for enhancing governance effectiveness, ensuring sound decision-making and supporting long-term sustainable development. The Company strictly complies with the relevant provisions of the Articles of Association and conducts the nomination and appointment of directors in accordance with applicable laws and regulations, taking into comprehensive consideration factors such as gender, age, cultural and educational background, professional experience, skills and knowledge structure, and continuously optimising the composition of the Board of Directors. The Company currently has 9 directors, including 1 employee representative director, 2 non-executive directors and 3 independent directors. The size, composition and qualifications of the Board of Directors are in compliance with the requirements of relevant laws, regulations and the Company's internal rules.



### ■ Diligent Performance of Duties by the Board of Directors

The Board of Directors strictly implements the resolutions of the General Meeting of Shareholders, actively advances various corporate initiatives, strengthens internal controls, improves the corporate governance structure, and comprehensively promotes the Company's sustainable development, thereby ensuring standardised operations. All directors perform their duties with due diligence and dedication, actively participating in the decision-making process for major matters of the Company with a scientific and rigorous approach, and endeavouring to safeguard the legitimate rights and interests of the Company and all shareholders.

During the reporting period, the Company convened 13 meetings of the Board of Directors, at which resolutions relating to periodic reports, debt restructuring, the appointment of senior management, related party transactions and other relevant matters were considered.

## ■ Special Committees Under the Board of Directors

The Board of Directors has established four special committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. All committees are composed of directors and independent directors of the Company, providing professional support for the Board of Directors' scientific decision-making and efficient operation. Independent directors constitute a majority of the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee and serve as convenors. The convenor of the Audit Committee is an independent director with accounting expertise, and none of the members of the Audit Committee hold senior management positions in the Company.

During the reporting period, the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee duly performed their duties, providing scientific and professional advice and references for the Board of Directors' decision-making.



## ◎ Protection of Shareholders' Rights and Interests

Shandong Molong attaches great importance to the protection of shareholders' rights and interests. Upholding the principle of equal treatment of shareholders, the Company incorporates investor protection into its routine management system and repays investors' trust through honest operations, transparent governance and a strong sense of responsibility, thereby ensuring that all shareholders can fully exercise their rights and enjoy equal legal status.

### Strengthening Information Disclosure Management

The Company places great emphasis on information disclosure, strictly complying with relevant laws and regulations as well as the Information Disclosure Management System and the Self-Regulatory Guidelines No. 5 for Companies Listed on Shenzhen Stock Exchange—Management of Information Disclosure Affairs, among other requirements. It standardises the content, format, procedures, division of responsibilities and confidentiality management of information disclosure. Through designated domestic and overseas disclosure platforms, important information such as meeting notices and resolution announcements is released simultaneously, ensuring that all investors can access the Company's information fairly, impartially and publicly, while continuously enhancing the quality of information disclosure and the transparency of corporate governance.

### Enhancing Two-way Communication with Investors

The Company continuously advances investor relations management and establishes a routine and long-term communication mechanism. The Board Secretary is designated as the person responsible for investor relations, tasked with coordinating investor relations, receiving shareholder visits, responding to investor inquiries, and providing investors with information required to be disclosed. The Company actively participates in investor protection promotional activities organised by the Shandong Securities Regulatory Bureau, continuously improving a diversified communication system. Through telephone, email, investor relations interactive platforms, investor reception days and other channels, the Company responds to investor inquiries, maintains efficient interaction with investors, promptly conveys the Company's operational developments and strategic plans, and effectively safeguards investors' rights to information and participation.

### Protecting the Rights and Interests of Minority Shareholders

The Company continuously improves the mechanisms for protecting the rights and interests of minority shareholders, building a comprehensive protection system through institutional revisions, process optimisation and transparent communication. The Company regularly revises and updates the Articles of Association, the Procedural Rules for General Meetings of Shareholders, and the Procedural Rules for Board of Directors, optimising the corporate governance structure and effectively safeguarding the legitimate rights and interests of minority investors. A dual voting mechanism combining on-site and online voting is adopted to ensure that all shareholders, regardless of their shareholding size, can participate equally in major corporate decisions. The Company strictly implements a separate vote-counting system for minority shareholders, independently counting and disclosing their votes on significant matters, thereby ensuring that the opinions of minority shareholders are fully respected and reflected.



Case

### National Investor Protection Publicity Day on 15 May — Shandong Molong in Action

On 15 May 2025, Shandong Molong carried out activities for the National Investor Protection Publicity Day, practising the “investor-centric” philosophy and fostering a standardised and orderly capital market ecosystem.

#### The Company has established a comprehensive investor protection system:

- 1 Strengthening information disclosure — ensuring that financial reports, significant matters and other information are true, accurate and complete, while enhancing market transparency through multiple channels such as investor hotlines and earnings briefings.
- 2 Deepening interactive mechanisms — regularly holding earnings briefings and General Meetings of Shareholders, establishing feedback mechanisms for soliciting opinions, and improving the effectiveness of two-way communication.
- 3 Advancing investor education initiatives — disseminating investment knowledge and risk alerts via the Company website and new media platforms to enhance investors’ risk awareness.
- 4 Optimising return mechanisms — implementing profit distribution plans to align the protection of investor rights with the Company’s sustainable development.
- 5 Upholding compliance standards — improving the “three committees and one layer” governance framework, strengthening internal controls, and establishing a benchmark for high-quality listed companies.



Case

### Shandong Molong’s 2025 World Investor Week Activities

In October 2025, under the guidance of the Shandong Regulatory Bureau of the China Securities Regulatory Commission, Shandong Molong carried out the 2025 World Investor Week activities, focusing on the three themes of “S&T and Digital Finance”, “Artificial Intelligence (AI)”, and “Fraud Prevention”. By innovating the forms of investor education and enriching its content, the Company contributed to building a standardised and orderly capital market ecosystem, demonstrating the responsibility of a listed company in safeguarding the legitimate rights and interests of minority investors through transparent communication and proactive service.



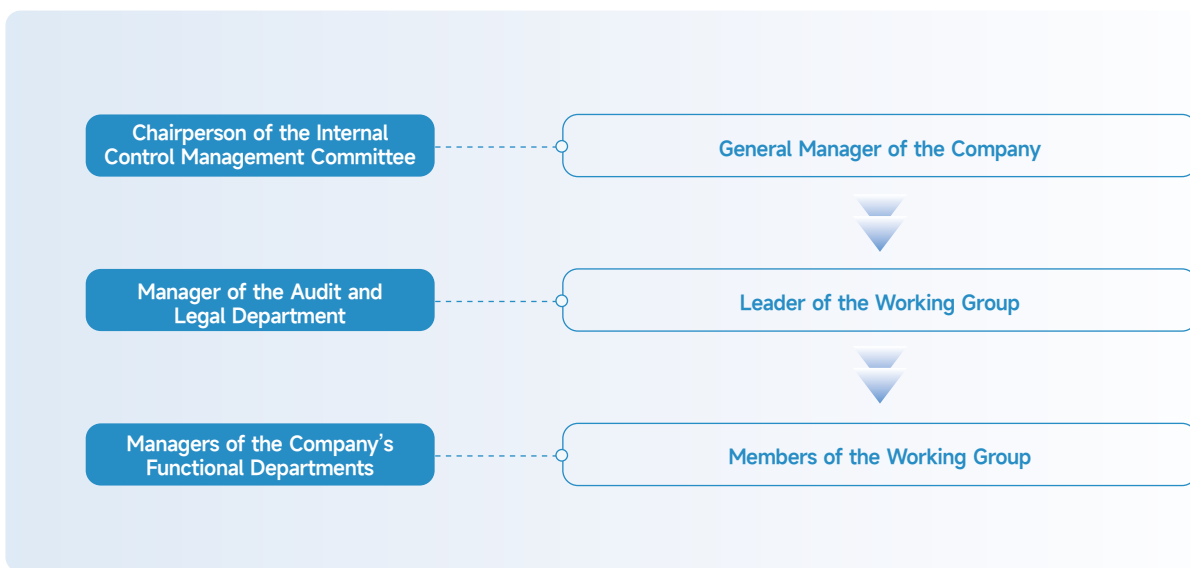
## Strengthening Compliance Risk Control, Preventing Operational Risks

Shandong Molong has established and improved an internal control system centred on compliance management and guided by risk prevention, creating a risk prevention and control mechanism that is comprehensive, involves all employees, manages the entire process, and operates in a coordinated manner, thereby effectively enhancing the Company’s operational stability.

### ● Strengthening Internal Control and Compliance

Shandong Molong attaches great importance to the construction of its internal control and compliance management system, continuously improving its governance framework and organisational structure, and steadily enhancing internal management rules and operational mechanisms. By establishing an internal control management organisation with clear responsibilities, well-defined division of duties and efficient coordination, the Company strengthens full-process supervision and routine audits, continuously elevating its internal management standards and standardised operational capability, thereby providing a solid foundation for high-quality corporate development.

The Company has established a three-tier internal control management system composed of the Internal Control Management Committee, the Audit and Legal Department, and various functional departments. This system implements hierarchical management and tiered responsibility, forming a vertically and horizontally coordinated management structure. Internal control audits are conducted on a quarterly basis to ensure the effective operation and continuous improvement of the internal control system.



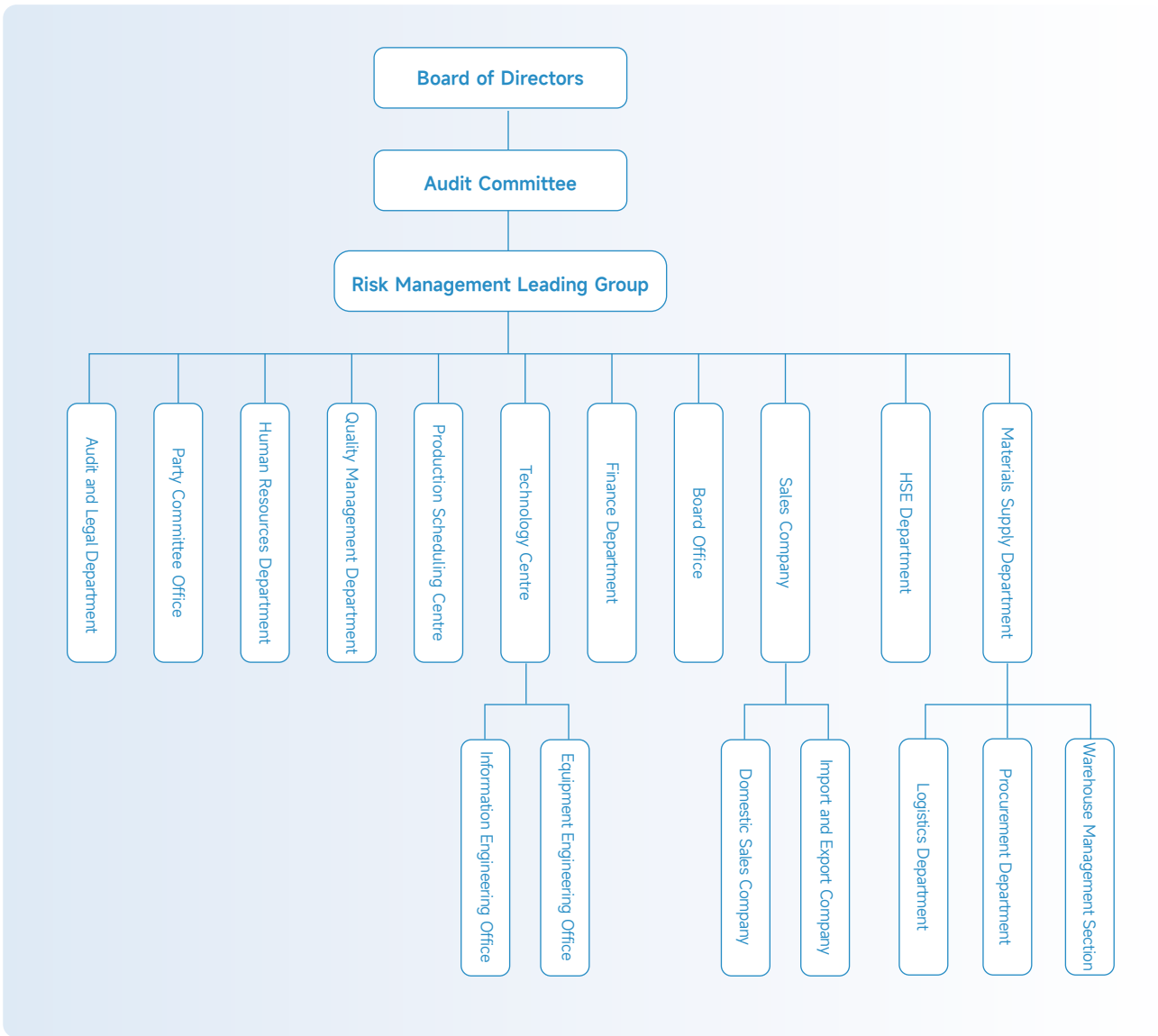
In accordance with the Basic Standards for Enterprise Internal Control and the Application Guidelines for Enterprise Internal Control, as well as other relevant laws and regulations, the Company has formulated the Enterprise Internal Control Management Manual, which serves as the basis for establishing, implementing, evaluating and verifying internal controls. This ensures that the Company enhances its management standards conceptually, strengthens risk prevention capabilities, and safeguards coordinated, sustainable and high-quality development.

During the reporting period, the Company engaged Grant Thornton (Special General Partnership) as its annual audit firm to conduct audits on key internal control processes. The independent audits by this professional institution further reinforced compliance, and corrective recommendations were issued to address any issues identified during the audits.

### ● Strengthening the Risk Management Framework

To establish a standardised and effective risk control system, enhance risk prevention capabilities, and ensure the safe and stable operation of the Company, Shandong Molong continuously improves its risk management system and elevates its risk control standards, thereby effectively safeguarding standardised operations and steady development.

The Company has built a risk organisational structure, with the Board Secretary serving as the head of the Risk Management Group. Through hierarchical leadership and multi-departmental coordination, the management effectiveness of the risk framework is fully leveraged, achieving systematic, standardised and scientific risk management, and providing strong support for the Company's stable development.



The Risk Assessment Group conducts a comprehensive evaluation of all types of risks in the Company in accordance with the relevant requirements of the Guidelines for Enterprise Internal Control issued by the Ministry of Finance, and formulates corresponding risk response strategies to ensure that the Company can effectively identify, assess and manage various potential risks.

**Risk Identification**

- Risks within and outside the Company are identified through questionnaires completed by the relevant deputy general managers and department heads;
- Descriptions of each risk point are collated and analysed to form a corporate risk register.

- Meetings of the group members are organised to evaluate risks based on their scores, frequency, and the impact of the related business on the Company’s development objectives;
- Risks are classified as major, moderate or minor.

**Risk Assessment**

### Risk Rectification

- Departments formulate response strategies and rectification measures for each risk according to the business process they belong to, thereby improving the Company's internal control procedures.

## Upholding Business Ethics, Maintaining the Integrity Baseline

Shandong Molong places business ethics and integrity compliance at the core of its operations and development. The Company firmly implements regulations on anti-monopoly and anti-unfair competition, fully safeguards a fair and orderly market order, and establishes a comprehensive, multi-layered integrity governance system to effectively protect the legitimate rights and interests of all stakeholders.

### ● Strengthening Anti-fraud Management

#### ■ Governance

Shandong Molong strictly complies with the Company Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China and other relevant laws and regulations. In line with the Company's operational realities, it has formulated internal management policies such as the Anti-fraud Management Regulations, which clearly define the concept and key manifestations of fraud, and systematically specify management requirements for fraud prevention and control, case reporting and investigation, and remedial measures and sanctions. At the same time, by fostering a corporate culture of integrity and honesty and establishing a scientific internal control system, the Company seeks to prevent and manage fraud at its source.

The Company has established an anti-fraud governance framework with clear hierarchical structure and well-defined responsibilities. The Board of Directors provides guidance, supervision and necessary involvement in the Company's anti-fraud efforts, reviewing the management's anti-fraud procedures and control measures. The Audit Committee is responsible for guiding the Company's anti-fraud work, overseeing and coordinating its overall implementation. The Audit and Legal Department, as the permanent body for anti-fraud management, organises and executes cross-departmental and company-wide anti-fraud activities, including the receipt of reports, investigation and handling, reporting of results, and formulation of proposed actions, while being subject to supervision by the Board of Directors and the Audit Committee. Each business department assumes primary responsibility for anti-fraud within its scope, integrating anti-fraud requirements into all aspects of daily operations, thereby forming a multi-level, coordinated anti-fraud governance structure.

#### ■ Strategy

Shandong Molong, closely aligned with its industry characteristics and business scope, adopts the core principles of prevention-first, systematic control, clear responsibilities, and continuous optimisation. The Company fully identifies risks related to anti-commercial bribery, anti-corruption, and anti-fraud, strengthening its internal control framework with integrity and honesty to build corporate core competitiveness and ensure the Company's sustainable, stable and healthy development.

For each identified risk and opportunity related to anti-commercial bribery and anti-corruption, the Company specifies the time horizon within which a material impact can reasonably be expected, categorising them as short-term (1–5 years), medium-term (5–10 years), and long-term (over 10 years).



Related Risks and Opportunities	Impact	Impact Period	Response Measures
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Internal Governance Risks</p> <p>Ambiguous Boundaries of Authority and Responsibility</p>	<ul style="list-style-type: none"> <li>The Board of Directors and special committees lack oversight of anti-bribery and anti-corruption efforts and fail to integrate compliance requirements into strategic decision-making;</li> <li>Management has not established a dedicated compliance department, resulting in dispersed responsibilities, multi-headed management and no clear accountability.</li> </ul>	<p>Short-to Medium-to Long-term</p>	<ul style="list-style-type: none"> <li>Designate the Audit Committee as the guiding body for anti-fraud work, with the Audit and Legal Department serving as the permanent entity responsible for implementing Company-wide anti-fraud activities, and each business department assuming responsibility for anti-fraud within its scope. Management integrates anti-fraud into daily operations, providing the Audit and Legal Department with sufficient support in terms of budget, staffing and working conditions;</li> <li>Grant the Audit and Legal Department independent authority to investigate and report, with its work reporting directly to the Board of Directors and the Audit Committee, which provide comprehensive guidance and supervision of the Company's anti-fraud efforts.</li> </ul>
<p>System and Process Gaps</p>	<ul style="list-style-type: none"> <li>No clear standards for defining commercial bribery/corruption have been established, or processes such as financial internal controls, contract approvals, and expense reimbursements contain defects, providing opportunities for non-compliant behaviour.</li> </ul>	<p>Short-to Medium-to Long-term</p>	<ul style="list-style-type: none"> <li>Develop anti-fraud policies covering fraud definitions, reporting and investigation, sanctions and remediation, and record management; improve supporting processes such as financial internal controls and contract approvals to ensure coverage across all business operations and positions;</li> <li>Establish written anti-fraud procedures to standardise the full process of receiving, retaining and handling reports. All investigation results and proposed actions are filed in accordance with regulations and reported regularly to the Board of Directors and the Audit Committee.</li> </ul>
<p>Rent-seeking in Key Positions</p>	<ul style="list-style-type: none"> <li>Concentration of authority in core positions such as procurement, sales, investment and finance, without adequate checks and balances, creating opportunities for "behind-the-scenes" approvals, which may lead to kickbacks, transfer of benefits, or misappropriation of funds.</li> </ul>	<p>Short-to Medium-to Long-term</p>	<ul style="list-style-type: none"> <li>Introduce a pre-review process by the Audit and Legal Department for procurement, sales and investment activities, focusing on verification of counterparty background, fairness of pricing, and fund flows;</li> <li>Conduct background checks on prospective hires or promotions, including education, work experience, and criminal records, with formal written records filed;</li> <li>For fraud reports involving senior management, establish a special investigation team with approval from the Board of Directors and Audit Committee to conduct joint investigations.</li> </ul>

Related Risks and Opportunities	Impact	Impact Period	Response Measures
External Related-party Risks	<p>Supplier Corruption Risks</p> <ul style="list-style-type: none"> <li>Suppliers, customers, agents and other partners may attempt to influence Company employees through bribery, bid-rigging or other means to gain competitive advantage, thereby passively involving them in non-compliant activities.</li> </ul>	Short-to Medium-to Long-term	<ul style="list-style-type: none"> <li>Sign Integrity Cooperation Agreements with core suppliers and customers, jointly conduct compliance training, share compliance resources, and blacklist and terminate cooperation with violators;</li> <li>Communicate the Company's anti-fraud policies and ethical standards to external partners.</li> </ul>
Personnel Awareness Risks	<p>Insufficient Integrity Awareness</p> <ul style="list-style-type: none"> <li>Frontline employees have unclear understanding of implicit violations such as "small kickbacks" or "personal favours", and may even tolerate misconduct to achieve business objectives.</li> </ul>	Short-to Medium-to Long-term	<ul style="list-style-type: none"> <li>Publicise anti-fraud policies through multiple channels, and incorporate anti-fraud, laws and regulations, and ethical training into new employee onboarding;</li> <li>Clarify anti-fraud responsibilities, guide employees on properly handling conflicts of interest and improper benefit inducements, and establish both anonymous and named reporting channels accessible to all employees.</li> </ul>
Personnel Awareness Risks	<p>Professional Capability Gaps</p> <ul style="list-style-type: none"> <li>Disciplinary personnel lack cross-disciplinary expertise (e.g., for overseas operations), and key employees have not fully mastered anti-corruption essentials within their business contexts.</li> </ul>	Short-to Medium-to Long-term	<ul style="list-style-type: none"> <li>Strengthen the professional team of the Audit and Legal Department by staffing personnel with legal, financial, and industry expertise, and provide regular anti-fraud professional training;</li> <li>Senior management leads by example in adhering to anti-fraud compliance requirements, integrating integrity and honesty into corporate culture;</li> <li>For major and complex fraud cases, engage external experts as needed, and, if necessary, refer cases directly to judicial authorities.</li> </ul>
Reputation Risks	<p>Escalation of Public Opinion Following Sudden Corruption Incidents</p> <ul style="list-style-type: none"> <li>Exposure of corruption incidents by the media may result in loss of investor trust, attrition of customers and partners, and irreversible public doubts about the Company's integrity.</li> </ul>	Short-to Medium-to Long-term	<ul style="list-style-type: none"> <li>Prepare a written internal control assessment and improvement report on the fraud incident, impose economic and administrative sanctions on violators in accordance with regulations, and refer cases violating criminal law to judicial authorities;</li> <li>Disclose detailed information on anti-fraud policies, measures, effectiveness, and risks, proactively responding to inquiries from investors and regulators;</li> <li>Hold anti-fraud briefing sessions as required, report progress promptly, and manage public opinion effectively.</li> </ul>

## ■ Impact, Risk and Opportunity Management

Shandong Molong upholds a corporate culture grounded in integrity and honesty, embedding anti-commercial bribery, anti-corruption, and anti-fraud measures throughout its entire business management process. The Company has established a permanent anti-fraud office with clearly defined responsibilities and operational mechanisms, implementing a closed-loop management system for reports related to fraud and commercial bribery, encompassing receipt, investigation, reporting, and recommendation of handling actions.

### Promoting a Corporate Culture of Integrity and Honesty

- The senior management leads by example, consistently adhering to all company rules and regulations.
- The Company's anti-fraud policies, procedures, and related measures are effectively communicated and reinforced through multiple channels, including the employee handbook, company regulations releases, brochures, the intranet, and the corporate website.
- Anti-fraud training, along with education on laws, regulations, and ethical conduct, is mandatory for all new employees as part of their induction programme.
- Employees are encouraged to comply with laws and regulations and to act with integrity in their daily work and interactions, assisting them in properly managing conflicts of interest and resisting improper inducements.
- The Company communicates its commitment to lawful conduct and ethical behaviour to all stakeholders with whom it has direct or indirect relationships.
- Unethical or dishonest conduct can be reported through designated channels, either anonymously or under the reporter's name; the Company shall establish and implement effective educational and disciplinary policies.

### Conducting Background Checks

Shandong Molong conducts pre-employment background checks for personnel proposed for appointment or promotion to key positions, focusing on verifying critical information such as educational qualifications, professional experience, and criminal records. All background check procedures are formally documented in writing and are uniformly filed and retained in accordance with company regulations.

### Whistleblowing, Investigation and Reporting of Fraud Cases

Shandong Molong has established supporting regulations, including the Complaints and Whistleblowing Management Provisions, which maintain open channels for both named and anonymous whistleblowing. The Audit and Legal Department strictly protects the confidentiality of whistleblowers' information. Any employee found to have breached confidentiality requirements will be subject to penalties ranging from cash fines to termination of employment, in accordance with company policies. A standardised whistleblowing procedure has been put in place, and written records are retained for all reported matters for review and oversight by senior management, the Board of Directors, and the Audit Committee. Investigation and handling of whistleblowing cases are conducted at different levels depending on the nature and severity of the reported matter.

#### Channels for Receiving Complaints and Whistleblowing Reports

📞 Complaint and Whistleblowing Hotline:  
0536-5789086

✉️ Email Address: [sjb@molonggroup.com](mailto:sjb@molonggroup.com)

📍 Postal Address: No. 999 Wensheng Street, Shouguang City,  
Shandong Province

📮 Postal Code: 262700

#### Whistleblower Protection

The Company strictly protects the confidentiality of whistleblowers' names, work units, home addresses and other relevant information, as well as the content of their reports. Any responsible persons found to have violated confidentiality provisions shall be subject to penalties ranging from fines to termination of employment, depending on the specific circumstances.

### Anti-corruption Training

Shandong Molong regularly conducts specialised anti-corruption training. In strict compliance with national laws, regulations and regulatory requirements, and based on a comprehensive review of key integrity risk points within its own business processes, the Company defines clear behavioural boundaries and professional conduct standards for employees. Through knowledge assessments, behavioural observations and employee feedback, the Company implements end-to-end tracking and management, continuously strengthening all employees' awareness of integrity and self-discipline as well as their risk prevention capabilities, thereby consolidating the integrity foundation for compliant operations and sustainable development.

#### ■ Metrics and Goals

Shandong Molong's core objectives are to strengthen internal controls, reduce corporate risks and standardise business conduct, so as to effectively safeguard the Company's legitimate rights and interests, and ensure the achievement of operational targets as well as the long-term, stable and sustainable development of the enterprise.

Metric Name	Unit	2025
Total Hours of Anti-corruption and Anti-bribery Training Received by Employees	hours	4
Total Number of Personnel Receiving Anti-bribery and Anti-corruption Training	persons	184
Coverage Rate of Business Ethics/Anti-bribery and Anti-corruption Training	%	14.06

### ● Adherence to Anti-monopoly Requirements

Shandong Molong upholds the principle of fair competition, strictly complies with relevant laws and regulations on anti-monopoly and anti-unfair competition, and adheres to the bottom line of integrity and compliance in its operations. The Company maintains a healthy and orderly market competition environment through transparent and fair business practices, effectively safeguards the legitimate rights and interests of its partners and various stakeholders, and promotes the construction of a sustainable industrial ecosystem and sound market order.

During the reporting period, the Company did not incur any litigation or major administrative penalties due to unfair competition practices.

## Paying Taxes in Accordance with the Law, Demonstrating Corporate Responsibility

Shandong Molong regards tax compliance and contribution as an important cornerstone of the Company's sustainable development. It strictly complies with the Tax Collection and Administration Law of the People's Republic of China and other relevant laws and regulations, continuously improves its tax management system, establishes and maintains a sound internal control system for taxation, and actively fulfils its tax payment obligations to ensure that all tax treatments are in line with national tax policies. While actively contributing to local economic development and fulfilling its social responsibilities, the Company also applies national tax incentive policies in a lawful and compliant manner to support technological innovation and sustainable development.



# F

## Green Development: Protecting Our Ecological Home

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# Strengthening Environmental Compliance, Fulfilling Green Responsibilities

Shandong Molong has always adhered to the development philosophy of promoting coordinated progress between business operations and ecological environmental protection, ensuring that environmental protection and production operations are planned, implemented and improved simultaneously. Through systematic measures such as improving the environmental management organisational system, enhancing environmental management rules and standards, and strengthening environmental risk prevention and control as well as emergency response capabilities for environmental incidents, the Company strives to achieve a harmonious balance between economic and ecological benefits.

## ● Governance

Shandong Molong diligently implements the requirements of the Environmental Protection Law of the People's Republic of China, the Energy Conservation 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 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 Environmental Impact Assessment, the Shandong Province Atmospheric Pollution Prevention and Control Regulations, the Shandong Province Environmental Protection Regulations and other relevant laws and regulations. It strictly complies with the requirements of its Pollutant Discharge Permit, defines core management requirements such as environmental protection responsibility systems, hazardous waste management, and environmental protection accountability. By promoting the application of new technologies, advancing civilised and clean production, reducing harmful emissions, and preventing environmental pollution, the Company contributes to the improvement of the ecological environment.

The Company has established an Environmental Protection Leading Group, set up a dedicated HSE Department, and appointed full-time environmental protection officers within both the Safety and Environmental Protection Department and each production area, ensuring comprehensive coverage and effective implementation of environmental management.

## Environmental Compliance Organisational Structure



The Company has obtained GB/T24001-2016/ISO14001:2015 environmental management system certification.



## Strategy

Shandong Molong regularly conducts environmental risk identification and impact assessments, with a focus on checking compliance with wastewater and exhaust gas emission standards, as well as the proper classification, collection and storage of solid waste. Any environmental issues identified are promptly addressed with corrective actions, and the effectiveness of these actions is tracked to ensure that environmental protection measures are effectively implemented.

In the course of its principal business operations, the Company has a certain impact on the ecological environment and the use of natural resources. In terms of resource consumption, its production and operations require substantial amounts of metal raw materials and energy, objectively presenting challenges in terms of intensive resource utilisation and efficient management. In terms of pollutant emissions, the exhaust gases, wastewater and solid waste generated during the production process, if not properly controlled and disposed of, may have a potential impact on the regional atmosphere, water bodies and soil environment, thereby placing pressure on the stability of the ecosystem and the sustainable use of natural resources.

To proactively address the above environmental impacts, the Company adheres to the principles of green, low-carbon and circular development, and continuously advances efforts in energy conservation, emission reduction and comprehensive resource utilisation. Through measures such as improving the energy management system, promoting the application of energy-saving process technologies, and optimising the energy consumption mix, the Company continually enhances energy efficiency and reduces overall energy consumption. Process wastewater is subject to segregated treatment and recycling, effectively improving water use efficiency and reducing fresh water consumption. Solid waste is managed through proper classification, recycling and compliant disposal, minimising environmental risks to the greatest extent possible.

## Management of Impact, Risks and Opportunities

To effectively prevent and mitigate potential environmental risks, the Company implements a series of preventive measures across its entire production and operation process, including process optimisation, equipment operation and maintenance, employee training, and the development of management systems. The Company has also established a comprehensive emergency response plan, defining the emergency response organisational structure, standardising emergency response procedures, and ensuring adequate emergency resources are available. This ensures a rapid and efficient response in the event of an environmental incident, minimising the impact on the ecological environment and surrounding communities.

The Company comprehensively identifies the sources of risk that may lead to environmental incidents, taking into account its business activities, production processes, and the distribution of facilities and equipment. Through systematic analysis of the properties and quantities of raw materials, intermediate products, and waste, the Company accurately determines the categories of potential environmental risks. Based on the characteristics of these risks, the Company conducts a scientific assessment of the likelihood and potential impact of environmental incidents, with a particular focus on the probability and scale of hazardous substance leaks, as well as the potential scope of impact on water bodies, the atmospheric environment, and surrounding communities.

## Preventive Environmental Risk Management Measures



### Process Optimisation and Equipment Maintenance

Optimise production processes to adopt cleaner production technologies wherever possible and reduce the use of hazardous substances; conduct regular equipment maintenance and inspections to prevent environmental risks such as leaks caused by equipment ageing or malfunction.

### Environmental Safety Training

Provide regular environmental safety training to ensure employees understand environmental risks, are familiar with operating procedures, and enhance their risk awareness and emergency response capabilities.

### Establishment of Environmental Safety Management Systems

Establish a robust environmental safety management system to standardise daily operating procedures and strengthen the management and control of environmental risks.

The Company has established an environmental safety policy, developed an emergency management system for environmental incidents, and prepared emergency response plans, with regular emergency training and drills conducted each year. At the same time, the Company provides environmental protection training to internal personnel, carries out routine spot checks on environmental protection facilities, and organises environmental inspections. In the event of significant changes to existing projects, the Company completes the relevant environmental impact assessment procedures in a timely manner in accordance with regulations. For new projects, the environmental impact assessment procedures are completed in advance, and independent acceptance inspections are finalised prior to commissioning.

## Environmental Risk Emergency Response Plan



### Define Emergency Response Organisational Structure

- Clearly define the command structure and responsibilities of each department in the event of an environmental incident.
- Establish an Emergency Rescue Team (responsible for on-site rescue and response efforts), an Environmental Monitoring Team (responsible for monitoring the environmental impact of the incident), a Medical Rescue Team (responsible for treating injured personnel), and a Logistics Support Team (responsible for providing supplies, communications and other support).

### Specify Emergency Response Procedures

- Clearly define the response levels and corresponding action steps to be taken following an incident.
- Upon receiving an incident report, activate different levels of emergency response plans depending on the severity of the incident.

### Ensure Emergency Resources

- Establish an emergency supplies warehouse to stock protective equipment, emergency rescue equipment, cleanup tools and other materials, and maintain and update these regularly.
- Ensure unimpeded emergency communications and maintain good coordination with external rescue forces (e.g., fire departments, environmental protection authorities, etc.).

## ● Metrics and Targets

Shandong Molong references national and local environmental regulations as well as industry technical standards, and dynamically adjusts its environmental management targets based on the Company’s stage of development, industry characteristics and regulatory requirements. The Company regularly reviews and evaluates the achievement of these targets to ensure they are scientific and feasible. During the reporting period, the Company did not experience any significant environmental incidents, nor did it receive any material administrative penalties from ecological and environmental authorities or other relevant departments, or incur any criminal liability, as a result of environmental incidents.

## Addressing Climate Change, Promoting Low-carbon Transition

Shandong Molong, in light of its business layout and with close reference to climate change scenarios, systematically advances key initiatives such as the clean use of fossil energy, the large-scale deployment of clean energy, and the decarbonisation of production processes, thereby reducing its carbon emission intensity and total emissions year by year. The Company has established a Strategy Committee under the Board of Directors, which is responsible for identifying, assessing and addressing climate-related risks arising from the Company’s operations, as well as reviewing risk management strategies and major risk management solutions.

The Company aligns with the development trend of low-carbon transition and has established medium-to-long-term low-carbon development targets. It is committed to achieving carbon peak by 2030 and reaching net-zero emissions by 2050, thereby fully realising carbon neutrality and contributing to the “Carbon Peaking and Carbon Neutrality” goals.

	Risk Type	Impact	Response Measures
Transition Risks	Compliance Risks	<ul style="list-style-type: none"> <li>The government introduces stricter policies and regulations in response to climate change, which may lead to an increase in related litigation or claims, and increase the workload for operational compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Timely track and interpret changes in policies and regulations to ensure the Company's operations meet the latest requirements;</li> <li>Establish a risk early warning mechanism to identify potential compliance risks in advance and formulate response strategies;</li> <li>Strengthen communication with government departments, actively participate in the policy-making process, and seek policy support.</li> </ul>
	Market Risks	<ul style="list-style-type: none"> <li>Rising costs of raw materials and energy;</li> <li>Decreasing demand for fossil fuels.</li> </ul>	<ul style="list-style-type: none"> <li>Establish long-term partnerships with suppliers to lock in raw material prices and reduce procurement costs;</li> <li>Implement energy-saving retrofits, promote the use of high-efficiency and energy-saving equipment, and reduce energy consumption;</li> <li>Diversify energy supply channels;</li> <li>Adjust product mix: develop low-carbon, high-value-added products to adapt to changes in market demand;</li> <li>Optimise market presence to mitigate risks associated with a single market.</li> </ul>

Risk Type	Impact	Response Measures
Physical Risks  Acute Risks: Extreme weather events such as typhoons and heavy rainfall  Chronic Risks: Persistent high temperatures, drought, etc.	<ul style="list-style-type: none"> <li>● Damage to construction sites, office buildings and equipment, resulting in asset losses;</li> <li>● Disruption to stable production and normal work due to equipment damage and employee inability to work;</li> <li>● Transport disruption leading to supply chain interruptions.</li> </ul>	<ul style="list-style-type: none"> <li>● Purchase necessary insurance and initiate insurance claims;</li> <li>● Prioritise the repair of critical equipment and deploy backup equipment;</li> <li>● Establish diversified transport channels and optimise inventory levels;</li> <li>● Conduct regular risk assessments and update emergency response plans;</li> <li>● Strengthen equipment maintenance, organise employee training, and improve climate resilience in construction.</li> </ul>
	<ul style="list-style-type: none"> <li>● Increases the Company's demand for cooling equipment, leading to higher energy consumption and operating costs;</li> <li>● High temperatures may restrict employees' outdoor working hours, affecting operational efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>● Optimise the selection of cooling equipment by adopting energy-efficient models to reduce energy consumption;</li> <li>● Implement flexible working arrangements and reasonably schedule outdoor work to avoid high-temperature periods;</li> <li>● Strengthen heatstroke prevention and cooling measures for employees, providing necessary protective equipment and rest facilities.</li> </ul>

Shandong Molong proactively addresses climate change by adopting multiple carbon reduction and emission reduction measures, supporting the green transformation of its industry.

### Specific Measures for Carbon Reduction and Emission Reduction

- Prioritise the selection of products with low energy consumption and high energy efficiency, as well as renewable energy sources, to reduce energy consumption.
- Advocate the avoidance of unnecessary business travel to reduce carbon emissions resulting from taking transport (such as aircraft) for business trips.
- Give preference to local suppliers to reduce energy consumption arising from the transport of goods.
- Emphasise the importance of reducing carbon emissions in supply chain management.
- Install ventilation, dust removal, detoxification and filtration systems in factories to reduce exhaust gas emissions.
- Use environmentally friendly materials when renovating office buildings, and conduct air quality testing before the premises are put into use, ensuring they are only occupied once the results meet the required standards.

To support the achievement of its carbon peak and net-zero emissions targets, the Company has established a climate-related indicator system, taking into account both regulatory requirements and strategic direction. The Company's Scope 1 greenhouse gas (GHG) emissions primarily arise from the consumption of natural resources and energy in its operations, including diesel, petrol, natural gas, liquefied petroleum gas, acetylene, and propane. The Company's Scope 2 GHG emissions mainly arise from purchased electricity and purchased heat. Due to the complexity of the Company's industrial chain involving multiple projects, the Company has not yet carried out performance statistics for Scope 3 GHG emissions. Efforts to progressively improve related work will be undertaken in the future.

Metric Name	Unit	2025
GHG (Scope 1) Emissions	tCO2e	154,595.90
GHG (Scope 2) Emissions	tCO2e	47,120.69

## Optimising Energy Management, Improving Utilisation Efficiency

Shandong Molong continues to advance the optimisation and transformation of its energy structure. By actively applying clean energy sources such as natural gas and electricity in key processes such as heating furnaces, the Company continuously increases the proportion of renewable and clean energy used throughout the entire production lifecycle. This plays a positive exemplary role in addressing global climate change and protecting the ecological environment, and supports the comprehensive green and low-carbon transition of the economy and society. To further improve energy utilisation efficiency, the Company continuously strengthens its energy management system. By enhancing the deployment of energy measuring instruments and promoting the technological upgrading of energy-saving and consumption-reducing processes, the Company continues to optimise energy allocation and usage efficiency. To date, the Company has achieved safe and stable operation of its energy system, maintained steady improvements in energy-saving and emission reduction performance indicators, and continued to deliver tangible results in its green and low-carbon development management objectives.

Metric Name	Unit	2025
Comprehensive Energy Consumption	tce	46,245.59
Diesel	t	91
Natural Gas	10,000 m <sup>3</sup>	3,131.67
Electricity	10,000 kWh	9,432.48

## Strengthening Resource Management, Promoting Circular Utilisation

Shandong Molong regards resource conservation, intensive use, and high-efficiency circular utilisation as the core levers of its green and low-carbon development strategy. The Company integrates full-lifecycle resource management requirements deeply across its entire production and operational chain, continuously enhancing resource utilisation efficiency and supporting the concurrent advancement of high-quality green development and environmental benefits.

### ● Practising Water Conservation

Shandong Molong places great emphasis on water resource management, with all process water being reused in a closed-loop system. The Company implements multiple measures to achieve both water conservation and efficient utilisation. In daily operations, it promotes water-saving practices, optimises the production water recycling system, strictly manages wastewater treatment processes, and adheres to the principle of "multiple uses for a single source of water". Continuous improvements to the water supply network and upgrades to the water metering system have significantly increased the rate of wastewater recirculation. Additionally, the Company fosters a water-saving culture by displaying water conservation slogans and posters in work areas, washrooms, tea rooms, canteens, and staff dormitories, thereby enhancing employees' awareness of water conservation and providing strong support for the sustainable management of water resources.

Metric Name	Unit	2025
Municipal Water Purchased	t	20,703.00
Groundwater Used	t	8,608.00

Metric Name	Unit	2025
Total Volume of Reused Water	t	19,697.00
Proportion of Reused Water Consumption	%	100

### ● Rational Utilisation of Materials

Shandong Molong implements multiple measures to promote environmental awareness and resource conservation while encouraging material-saving practices. Internally, the Company disseminates environmental policies and knowledge through the display of eco-posters and regular environmental training, integrating the concept of material conservation to guide employees in reducing waste and improving resource utilisation. Externally, it actively participates in World Environment Day campaigns to raise public awareness of environmental protection and resource efficiency, promoting societal engagement with environmental issues and advocating a green lifestyle.

## Regulating Emissions Management, Reducing Environmental Impact

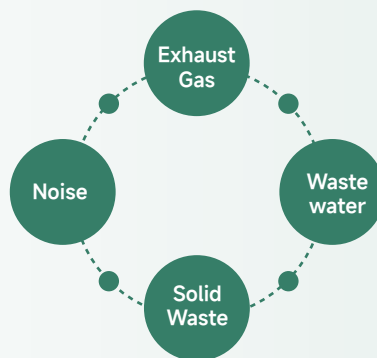
Shandong Molong strictly complies with legal requirements such as the Regulations on the Administration of Pollutant Discharge Permits, the Law on the Prevention and Control of Atmospheric Pollution, and the Law on the Prevention and Control of Noise Pollution, and diligently implements the provisions of its Pollutant Discharge Permits. During the reporting period, the Company ensured that wastewater, exhaust gas, and noise were discharged in compliance with standards, minimising environmental incidents and complaints related to environmental impacts. It also guarantees the proper handling of hazardous waste and, through QES system certification, has established a systematic and standardised environmental management framework.

The Company has established an environmental management ledger system to record all activities related to environmental protection in detail. This includes the generation, collection, and disposal of hazardous waste; ledgers and transfer records for general industrial solid waste; monitoring data of pollutant emissions; and maintenance records for environmental protection equipment. During production, priority is given to reducing waste generation, employing clean energy and cleaner production technologies, efficiently utilising energy and raw materials, and minimising both pollutant emissions and waste production.

The Company has implemented effective control measures for exhaust gas, wastewater, solid waste, and noise generated during its operations, achieving compliant pollutant discharge and promoting resource recycling, thereby ensuring the coordinated development of environmental protection and production.

These mainly include combustion exhaust gases produced when billets and pipes are heated in natural gas furnaces, process exhaust gases generated during pipe rolling, and organic gases emitted during pipe coating.

Noise is primarily generated by equipment operation and loading/unloading activities. All noise-producing facilities are equipped with basic vibration damping, soundproof enclosures, and fully enclosed workshops to reduce noise emissions. Noise levels at the plant boundary comply with relevant standards.



This primarily comprises cooling water for pipes and equipment, as well as wastewater from pickling and phosphating processes. All industrial wastewater is treated and fully recycled, with no discharge to the external environment.

This mainly includes general industrial solid waste such as pipe ends, iron oxide scale, and iron pins, as well as hazardous waste including spent cutting fluids, waste oil, and spent activated carbon. General industrial solid waste is uniformly sold for comprehensive utilisation, while hazardous waste is handled by specialised agencies.

**During the reporting period, the Company recorded:**

environmental pollution incidents

0

complaints related to impacts on the surrounding environment

0

instances of non-compliant storage or disposal of hazardous waste

0

## ● Strengthening Exhaust Gas Control

Shandong Molong adopts a source-to-end approach, implementing cleaner production technologies and optimising production processes to reduce pollutant generation. Appropriate end-of-pipe treatment technologies are applied based on the composition and characteristics of the exhaust gases, steadily advancing pollutant reduction targets. High-efficiency exhaust treatment equipment, such as UV photolysis combined with activated carbon adsorption, SCR denitrification with electrostatic precipitation, and baghouse dust collectors, are installed to ensure compliant emissions. Four online monitoring systems have been established to provide real-time oversight of pollutant discharge. In addition, an emergency response plan for heavily polluted weather is in place; when government authorities issue heavy pollution alerts, emission reduction measures are implemented in strict accordance with the response level, minimising negative environmental impacts and fully achieving pollutant reduction and environmental compliance objectives.

Metric Name	Unit	2025
Total Exhaust Emissions	m <sup>3</sup>	1,715,230,126
Particulate Matter	kg	3,236.38
Sulphur Oxides	kg	2,381.45
Nitrogen Oxides	kg	34,850.91
Volatile Organic Compounds	kg	911.24
Hydrogen Chloride	kg	83.28

## ● Optimising Wastewater Treatment

Shandong Molong has established dedicated wastewater treatment facilities, employing advanced processes such as flocculation and sedimentation to effectively remove impurities from wastewater. The treated water is then reused in production processes, achieving circular utilisation of water resources. The Company places great emphasis on water management, adhering to the principle of “multiple uses for a single source of water”. By conserving daily water use, optimising production water recycling, and strictly controlling wastewater treatment, it continuously improves the water supply network and upgrades the water metering system, significantly increasing the rate of wastewater recirculation. Additionally, water conservation slogans and posters are displayed in work areas, washrooms, tea rooms, canteens, and staff dormitories to actively promote a company-wide water-saving mindset, comprehensively supporting the sustainable management and efficient use of water resources.

Metric Name	Unit	2025
Total Industrial Wastewater	m <sup>3</sup>	0
Total Domestic Wastewater	m <sup>3</sup>	19,800.00

Metric Name	Unit	2025
Chemical Oxygen Demand (COD)	mg/L	285.00
Biochemical Oxygen Demand (BOD)	mg/L	121.88
Ammonia Nitrogen (NH <sub>3</sub> -N)	mg/L	3.95
Total Nitrogen (TN)	mg/L	19.18
Total Phosphorus (TP)	mg/L	1.81

## Standardising Waste Disposal

The Company sets long-term pollutant reduction targets based on its industry characteristics, national environmental policies, and sustainable development principles. It strictly complies with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and implements internal documents, including the Hazardous Waste Management System. At the end of each year, qualified third-party agencies are commissioned to dispose of hazardous waste, and five-part hazardous waste transfer forms are issued. The Company has established an Environmental Leadership Team, comprising senior management, heads of production, procurement, and environmental protection departments, to formulate overall waste disposal strategies and targets, coordinate interdepartmental work, and make decisions on major environmental matters.

At the product design stage, the Company focuses on minimising waste generation by optimising process flows, implementing cleaner production, upgrading production equipment, and selecting environmentally friendly raw materials, effectively reducing pollutant emissions. Environmental requirements are also extended throughout the supply chain, ensuring that suppliers provide eco-friendly materials in compliance with environmental standards, thereby achieving comprehensive green supply chain management. The Company strictly manages hazardous waste to ensure compliant storage and disposal; during the reporting period, no non-compliance related to hazardous waste storage or disposal occurred, overall achieving efficient and environmentally responsible production objectives.

### Internal Regulations on Waste Disposal

#### Waste Classification System

- Clear classification standards: Detailed waste classification standards are established, specifying which wastes are hazardous and which are non-hazardous, as well as the specific subcategories of each type of waste.

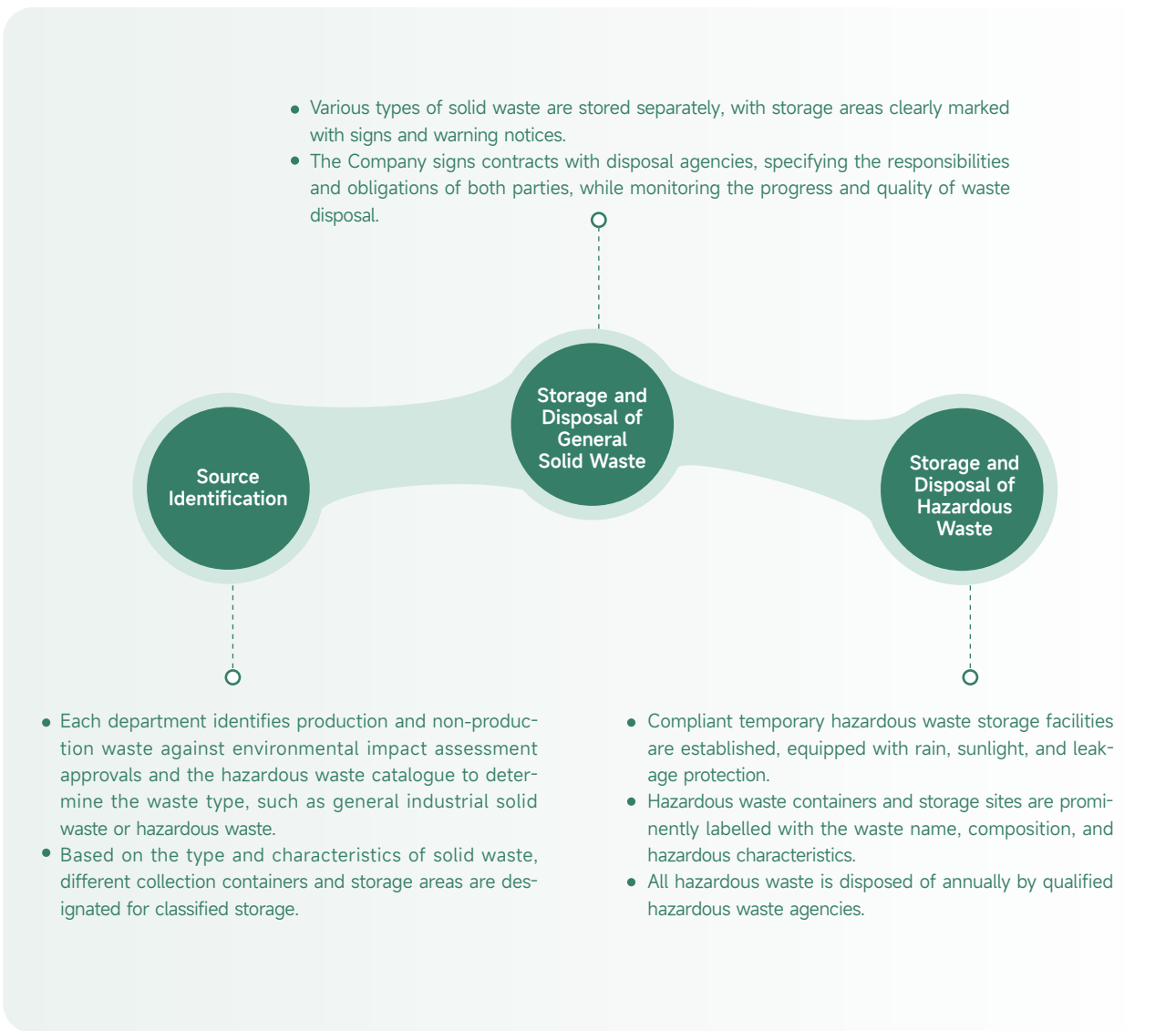
#### Waste Generation Record System

- Detailed record requirements: All departments are required to document waste generation, including the waste name, generation time, quantity produced, and source of generation.

#### Temporary Waste Storage Management System

- Standardised storage facilities: Requirements are set for the location, construction, and management of temporary waste storage sites. Storage sites must comply with safety and environmental protection standards, including measures such as impermeable flooring and protection against rain and sunlight.

Disclosure Items	Unit	2025
Total Solid Waste Generated	t	35,105.35
Non-hazardous Solid Waste Generated	t	35,079.12
Hazardous Solid Waste Generated	t	26.23
Proportion of Recycled Waste	%	99.93



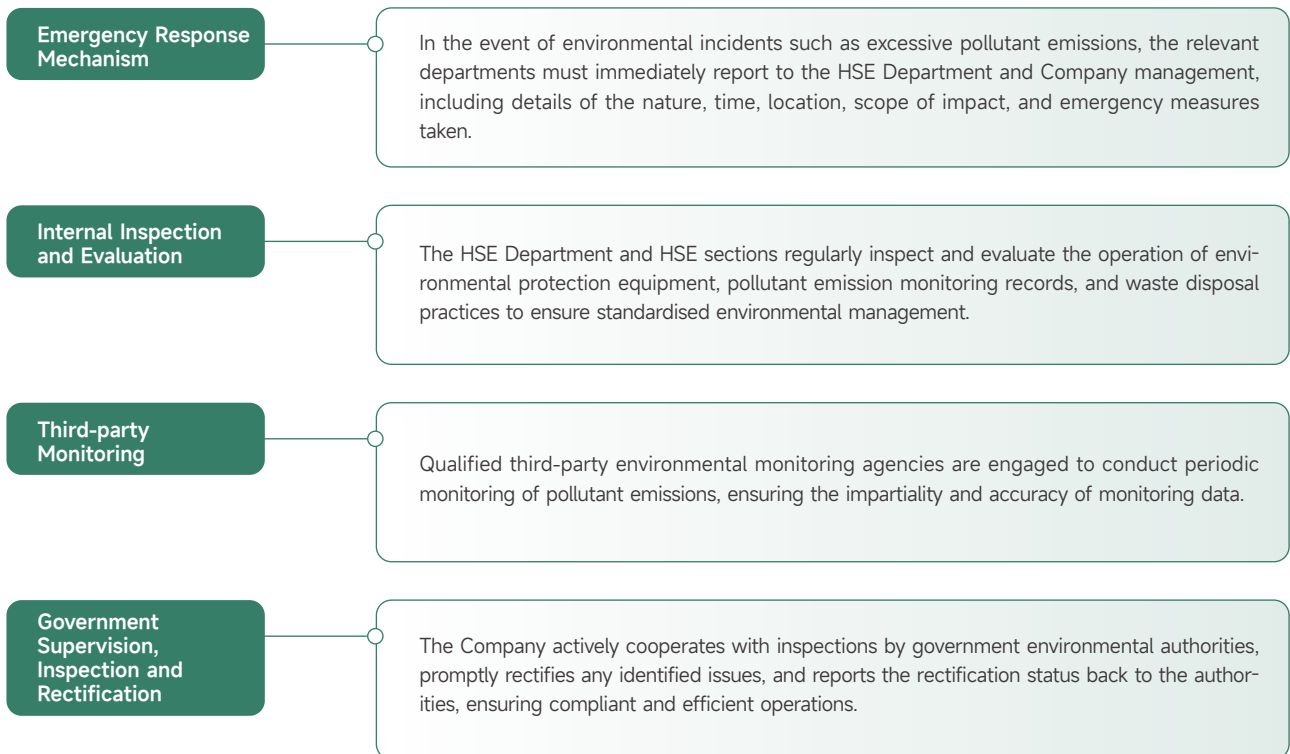
### ● Strict Control of Pollutant Emissions

To fully ensure environmental compliance and sustainable development, the Company continuously monitors national and local environmental laws, policies, and emission standards, ensuring that pollutant discharges remain lawful and compliant. A regular communication mechanism with environmental authorities has been established, allowing the Company to proactively accept supervision, stay informed of the latest environmental requirements, and prevent penalties or reputational damage resulting from non-compliance. The Company considers the long-term impact of emission control on its sustainable competitiveness and, during pollutant management, carefully balances environmental investment costs with potential economic benefits, achieving a dual balance between environmental protection and corporate development.

For newly commissioned production or environmental protection facilities, the Company convenes dedicated meetings to discuss environmental policies and emission control requirements, setting clear standards for pollutant concentration and total emissions to prevent the risk of exceeding limits due to tightened environmental regulations. Effective environmental control facilities are installed at all pollutant-generating stages, ensuring stable, compliant emissions without adverse effects on employees or surrounding residents.

The Company's Health, Safety, and Environmental (HSE) Department is led directly by senior management, with HSE sections established in each production area. Engineers and environmental specialists with professional backgrounds are assigned to develop and implement pollutant control strategies, supervise the enforcement of environmental management systems, and ensure the efficient implementation of environmental protection measures.

### Division of Responsibilities for Pollutant Emission Management Across Departments



# S Responsibility and Commitment: Empowering Shared Social Development

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<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 
<b>17</b> PARTNERSHIPS FOR THE GOALS 	



## Fulfilling Safety Responsibilities, Safeguarding Occupational Health

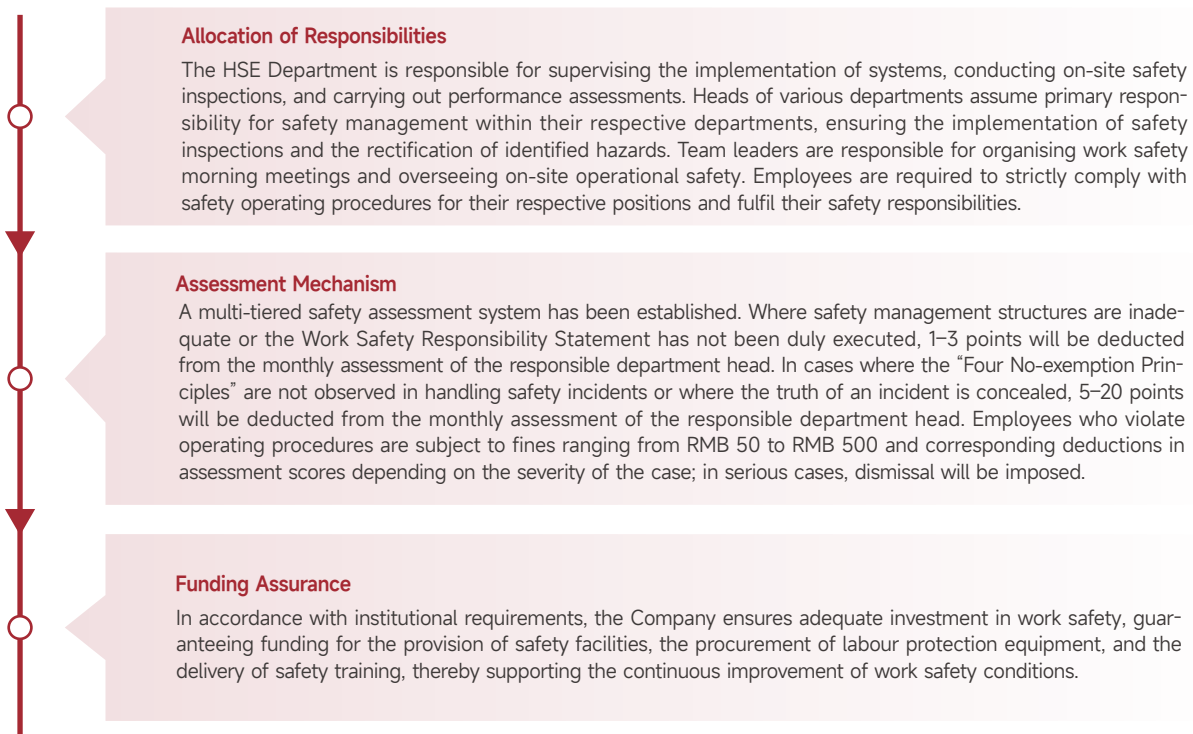
Shandong Molong consistently upholds the core principle of “people-oriented, life above all”, incorporating work safety and occupational health protection into its long-term strategic development. The Company firmly implements the national safety management policy of “Safety first, prevention foremost, comprehensive management”, together with its own environmental, health and safety policies. Taking into account its operational realities, it adopts systematic strategic planning and routine management measures to effectively fulfil its primary responsibility for workplace safety, safeguard the lives and occupational health of all employees, and lay a solid safety foundation for high-quality and sustainable development.

### ● Strengthening Work Safety

Shandong Molong continues to establish and improve standardised work safety procedures, refine the work safety responsibility system, and advance the development of a dual system for safety risk management and hazard identification and rectification. The Company conducts regular assessments of work safety risks and promptly formulates effective risk control strategies and preventive measures.

#### ■ Governance

Shandong Molong strictly complies with the Work Safety Law of the People’s Republic of China and the Regulations on Work Safety of Shandong Province, among other applicable laws and regulations. Taking into account the characteristics of its production and operations, the Company has established a comprehensive institutional framework covering safety responsibilities, rewards and penalties, training, and emergency management. The Company has formulated the Safety and Environmental Protection Management System, which clearly encompasses six dedicated systems, including the safety rewards and penalties management system, the work safety morning meeting system, the related parties’ safety management system, and the accountability system for work-related injury accidents. This has formed a four-tier safety management structure comprising the centralised supervision by the HSE Department, graded implementation by various departments, on-site control by team leaders, and strict compliance by employees.



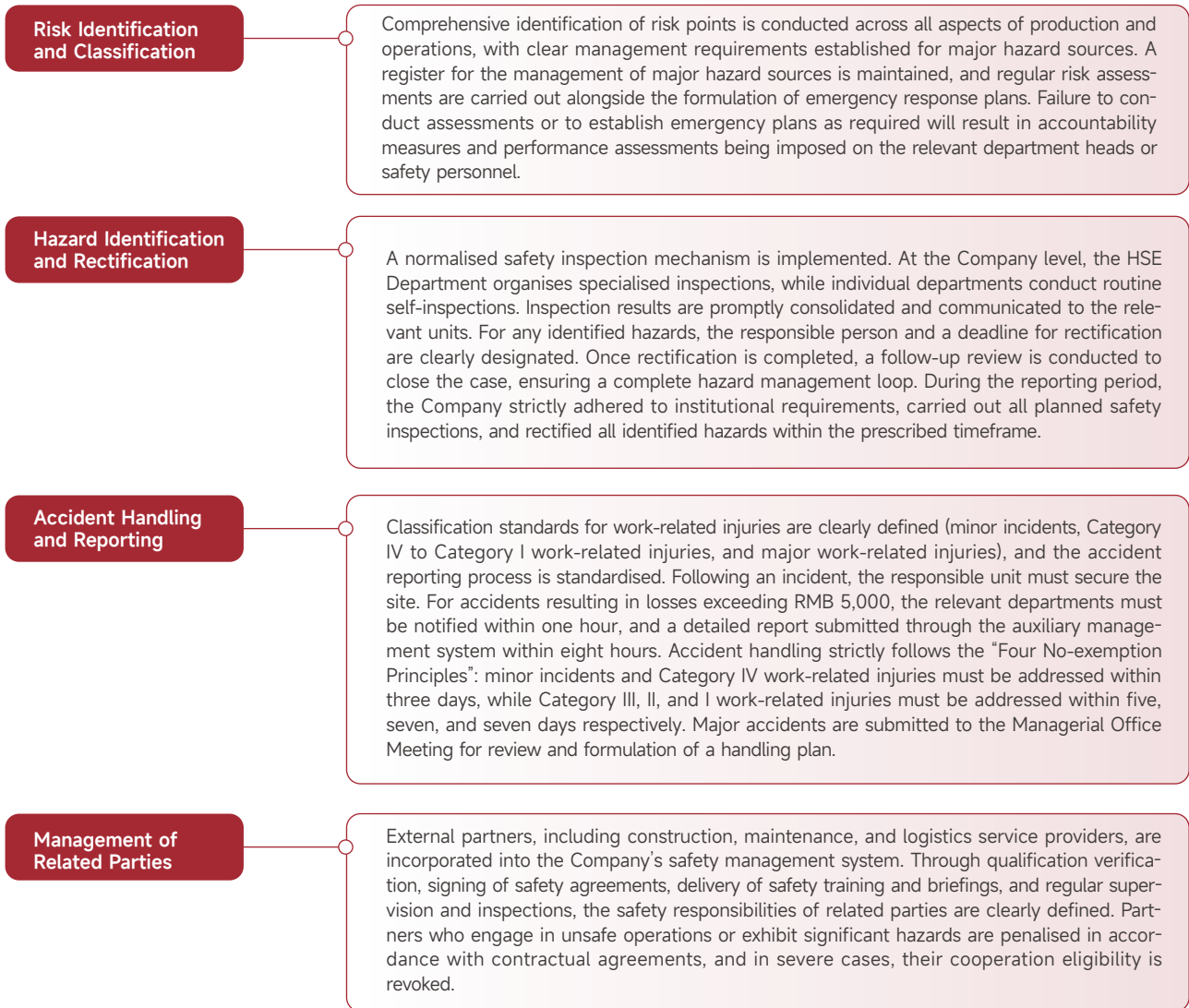
During the reporting period, the Company continued to take work safety standardisation as a key focus, strictly implementing the requirements set out in the compendium of systems to ensure the effective operation of the safety management system.

#### ■ Strategy

Shandong Molong upholds the safety management philosophy of “people-oriented, life above all”, implements the environmental, health and safety policy of “prevention first and continuous system improvement”, and follows the national principle of “Safety first, prevention foremost, comprehensive management”. The Company ensures that safety management requirements are effectively implemented in practice. In accordance with the Environmental, Health and Safety Management Manual and relevant procedural requirements, it ensures the normal and effective operation of the work safety management system. Regular periodic inspections are conducted, and through internal audits and management reviews, the Company identifies management shortcomings, adopts effective corrective measures, and continuously improves the environmental, health and safety management system.

## ■ Impact, Risk and Opportunity Management

Shandong Molong strictly implements the dual prevention mechanism of hierarchical safety risk control and the identification and rectification of potential hazards, carrying out full-process risk management and control in accordance with institutional requirements:

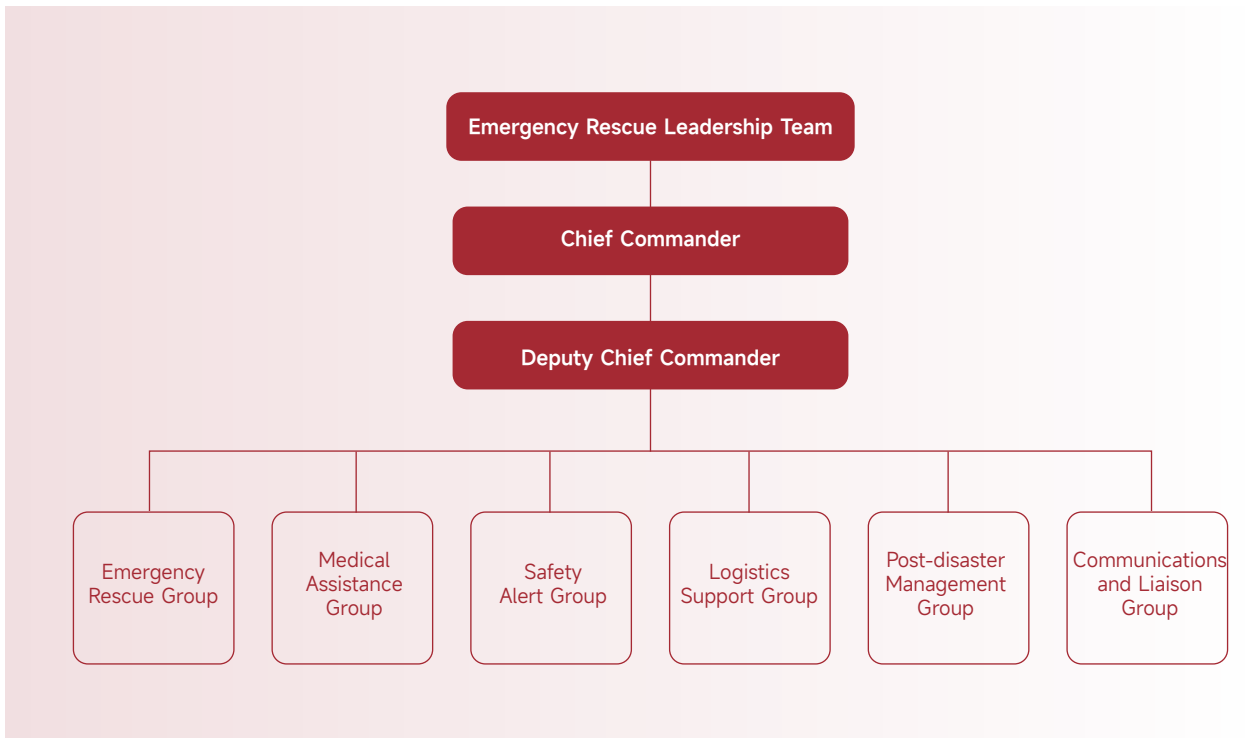


### Work Safety Emergency Response Plans

The Company continuously improves its safety emergency management system and has established an Emergency Command Centre, responsible for the unified coordination and direction of emergency response operations. In accordance with legal requirements, the Company has developed production safety accident emergency rescue plans, specifying the responsibilities of each department in emergency management. These plans cover various potential emergencies, including fires, explosions, mechanical injuries, and chemical spills, and clearly define emergency response procedures and measures. The aim is to effectively respond to all types of emergencies, promptly identify, control, and eliminate safety hazards, and safeguard employees' lives and property as well as the Company's normal operations. In addition, the Company has formulated a system for the storage and management of emergency supplies, ensuring that adequate and usable resources are maintained.

The Company places great emphasis on work safety training and has established systems for emergency drills and training. A detailed annual training plan is developed each year, specifying the training content, schedule, participants, and instructors. Employees are provided with various safety training courses on schedule, and regular Work Safety Months and emergency drills are conducted to comprehensively enhance employees' awareness of work safety and their emergency response capabilities.

### Organisational Structure for Work Safety Emergency Response



2025 Work Safety Training Courses	Number of Participants
Confined Space Operations Safety Training	154
Working at Heights Safety Knowledge Training	91
Electrical Safety Knowledge Training	51
Hot Work Safety Knowledge Training	158
Safety-related Laws, Regulations, and Standards	1006
Company-wide Work Safety Responsibility Training	957
First-day Safety Induction Training	1007
Work Safety Management Systems, Position-specific Operating Procedures, Risk Identification, and Emergency Response Measures	943
Three-year Action Plan for Fundamental Safety Improvements in the Industrial and Trade Sector	954
Special Operations Supervisors Safety Training	66
Emergency Rescue Team Training	15
Safety Standardisation Training (including the Dual Prevention Mechanism)	929

2025 Work Safety Training Courses	Number of Participants
"Eight Focus Areas and Twenty Initiatives" Innovation Measures	939
Work Safety Month Training and Emergency Drills	935
Production Safety Accident Emergency Plans, Emergency Response, and Escape, Self-rescue, and Mutual Rescue Knowledge	934
Correct Use and Supervision of Personal Protective Equipment	933
Safety Technical Training for Special Equipment Operators	190
Fire Safety Training	985
Full-time (and Part-time) Safety Personnel Training	21
Employee Occupational Hazard Factors, Applicable Laws and Regulations, and Use of Personal Protective Equipment	938
Earthquake Escape and Self-rescue Knowledge Training	921

### Smart Work Safety

Shandong Molong continues to advance the construction of intelligent factories and the development of smart work safety. Upgrades and modifications are being carried out on control and semi-automated production lines. Most of the industrial software used in the Company's existing processing workshops operates on control or semi-automated systems, further promoting efficient integration between equipment and manufacturing systems. This lays a solid foundation for the Company to precisely control product quality and enhance production line safety.

### Intelligent Production Systems Currently in Operation at Shandong Molong

**Names of the Intelligent Production Systems**

- Ring Furnace Monitoring System
- Perforating Machine Monitoring System
- Continuous Rolling Mill HGC Monitoring System
- Sizing Mill Monitoring System
- Steel Pipe Straightening Machine Monitoring System
- Steel Pipe Magnetic Leakage Detection System
- Hydraulic Pressure Test System
- Crane Full-Vehicle Monitoring System
- Dust Removal System
- Pump Room System

## ■ Metrics and Goals

To consolidate a solid safety foundation for high-quality development, Shandong Molong has established a clear system of work safety objectives. The Company continuously strengthens risk prevention and inherent safety measures, driving the comprehensive upgrading of safety management towards systematic, intelligent, and standardised practices.

Disclosure Items	Unit	2023	2024	2025
Investment in Work Safety	RMB	8,217,698.23	7,063,751.59	7,739,267.07
Employee Work Injury Insurance Contribution	RMB 10,000	159	44	57
Number of Work Safety Accidents	cases	14	8	2
Employee Work Injury Insurance Coverage	%	100	100	100
Number of Work-related Injuries	cases	14	8	2
Number of Employees Injured	persons	14	8	2
Lost Workdays Due to Work Injuries	days	562	479.5	80
Number of Fatal Work Accidents	cases	0	0	0
Number of Fatalities from Work Accidents	persons	0	0	0
Proportion of Fatalities from Work Accidents	%	0	0	0
Number of Employees Receiving Safety Training	persons	1,941	1,339	1,261
Total Hours of Employee Safety Training	hours	38,804	49,685	46,946

## ◎ Deepening Occupational Management

Shandong Molong has established an employee occupational health and safety management system, composed of a hierarchical risk control system for occupational disease hazards and a hazard identification and rectification system for occupational disease risks within employing units. The Quality Management Department is responsible for the overall development of the Company's quality, environmental, and occupational health and safety management systems, while the HSE Department is responsible for their implementation. The Company has obtained certification for its occupational health and safety management system.

### Preventive Measures

Employees are clearly informed of the hazards and risk factors present in their workplaces and positions, as well as the corresponding preventive measures and emergency response procedures. The Company provides employees with personal protective equipment (such as safety helmets, protective clothing, and gloves) that meets national or industry standards. Through safety training and on-site supervision, the Company ensures that employees wear and use the protective equipment as required, and imposes appropriate penalties on those who fail to comply.

**In-process Control**

The Company optimises plant layout and production processes to minimise exposure to occupational hazards. Safety facilities, special equipment, and environmental protection equipment are regularly inspected and tested to ensure proper operation. The work-rest schedule is strictly enforced to prevent employee fatigue or alcohol consumption during work, thereby mitigating occupational health risks.

**Post-event Safeguards**

An employee occupational health examination system has been established. New hires are required to undergo a medical examination upon entry, while incumbent employees receive regular free health checks. Employees in frontline workshop positions must submit a departure medical report issued by a hospital qualified to conduct occupational health examinations when leaving the Company; these reports are reviewed and archived by the Plant Safety Section. Employees exposed to occupational hazards receive targeted training on occupational health-related laws, regulations, standards, and preventive measures to enhance their awareness of self-protection.



Certification of the Occupational Health and Safety Management System

**Occupational Health Management Measures at Shandong Molong**

**Introduction of Production Processes and Facilities**

- Advanced production processes and equipment are adopted. Equipment with high noise and vibration levels is installed on the ground floor wherever possible, provided process requirements are met. All equipment is mounted on vibration-damping foundations. Air compressors are arranged separately, water-based paints are used, and exhaust fans and paint mist treatment devices are installed. Acid mist treatment devices are provided at the phosphating and pre-treatment stations, welding fume purifiers are installed at maintenance stations, and bag-type dust collectors are installed for shot blasting machines in the hot rolling workshop.

### Optimisation of Plant Layout

- Workshops generating noise are arranged separately from finished product warehouses where no noisy operations occur.

### Provision and Optimisation of Protective Equipment and Personal Protective Equipment

- Employees are provided with more comfortable and better-protective safety helmets, work shoes, and other PPE.
- Employees exposed to occupational hazard factors are provided with earplugs, dust masks, and gas masks as appropriate.

### Conducting Occupational Health and Safety Training

- New employees must undergo “three-level safety education” (company-level, workshop-level, and team-level) before commencing work, which includes content related to occupational health to ensure awareness of workplace hazards and preventive measures.
- Incumbent employees receive no less than 20 hours of safety training annually, with occupational health training as one of the core components, covering laws and regulations, hazard prevention, and the use of personal protective equipment.
- Special operations personnel and employees exposed to occupational hazard factors receive targeted training as required, ensuring they possess the necessary safety operation skills and health protection capabilities.

### Monitoring Implementation

- Occupational health specialists conduct comprehensive monthly inspections of workplaces, including equipment safety and the integrity of safety signage, issuing rectification notices promptly for any identified issues and tracking their resolution.
- Random checks are conducted on employees’ safety practices, with corrective actions and education provided for any violations.

Disclosure Items	Unit	2025
Number of Employees in Occupations with Occupational Disease Risks	persons	764
Number of Employees Receiving Occupational Health Examinations	persons	764
Number of Employees Diagnosed with Occupational Diseases	persons	0
Occupational Disease Incidence Rate	%	0
Number of Employees Participating in Health Examinations	persons	764

## Focusing on S&T Innovation, Enhancing Core Competence

Shandong Molong regards S&T innovation as a core driving force and a key strategic lever for enhancing its competitive advantage and achieving sustainable development. Based on the development realities of its main business in energy equipment manufacturing, the Company coordinates and plans key areas including research and development, intellectual property protection, quality control, and data security. It continuously promotes the practical application and transformation of S&T achievements, steadily strengthening its core competitiveness and injecting strong S&T momentum into high-quality corporate development.

### Establishing an Innovation Mechanism

Shandong Molong upholds the corporate philosophy of “arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public”, fully recognising that core technologies form the foundation of the Company’s core competitiveness. The Company has formulated research and innovation management systems, such as the New Product Development Management Measures and the Engineer Evaluation and Appointment Management Measures. For two categories of new products—new varieties and new specifications—a New Product Development Management Team has been established, with clearly defined responsibilities at each organisational level. The Company’s R&D focus spans oil pipes, casings, line pipes, sucker rods, and pump products, covering two core fields: engineering technology and materials science.

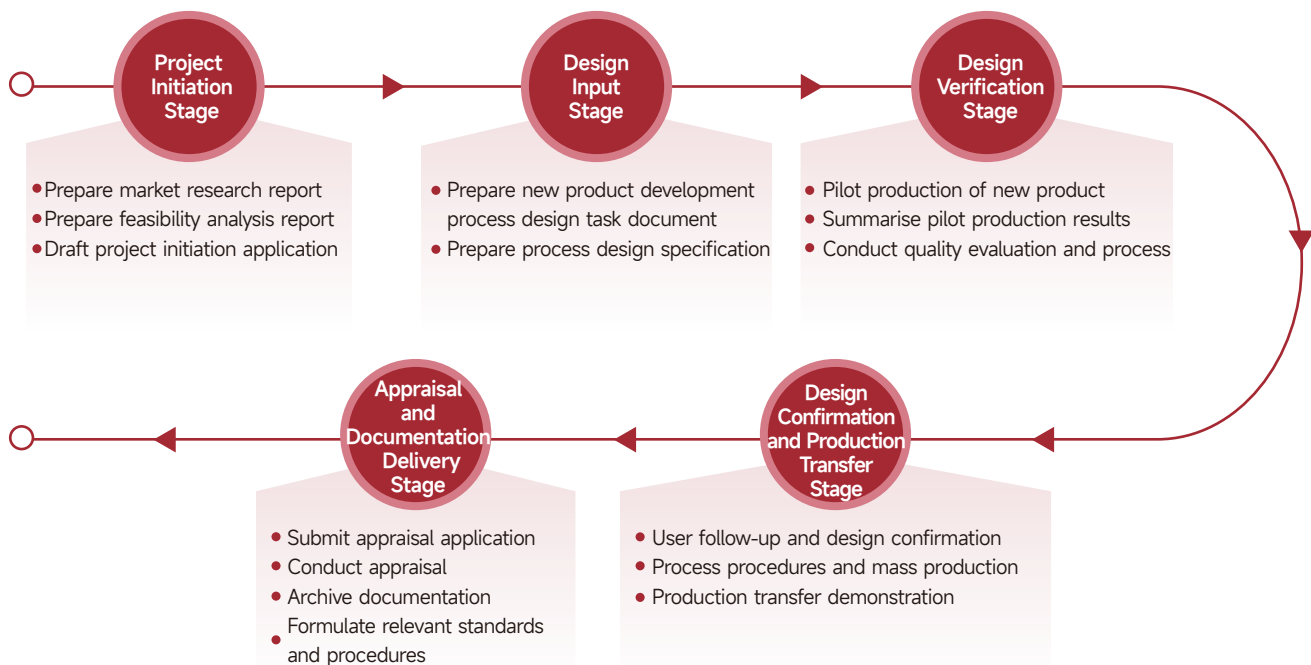
The Company has established a team of R&D testing and technical support personnel, comprising Level III non-destructive testing staff, Level III physical and chemical testing personnel, and senior engineers. A research project and talent incentive mechanism has been implemented, including policies such as the Shandong Molong New Product Development and Scientific and S&T Advancement Award Evaluation and Reward System, Opinions on Promoting Incentives for New Product and New Market Development, New Product S&T Achievement Application, and the S&T Achievement Award Evaluation and Reward Measures (Revised). These innovation incentive systems encourage research personnel to actively engage in technological innovation, fully stimulating employees’ creativity and work initiative, driving technological progress and business development, and injecting strong momentum into the Company’s sustainable development.

The Company strictly complies with national and industry-related guidelines on S&T ethics, conducts technological innovation in a standardised manner, and firmly safeguards the ethical boundaries of S&T.

### Shandong Molong Research and Development Platforms

National Level	Shandong Province	Weifang City
<ul style="list-style-type: none"> <li>High and New Technology Enterprise</li> <li>National Accredited Laboratory</li> </ul>	<ul style="list-style-type: none"> <li>Shandong Provincial Enterprise Technology Centre</li> <li>Shandong Engineering Research Centre for Petroleum Special Pipes</li> </ul>	<ul style="list-style-type: none"> <li>Weifang Municipal Key Laboratory (under Preparation)</li> <li>Weifang Municipal Engineering Laboratory</li> <li>Weifang Municipal Engineering Technology Research Centre for Petroleum Machinery</li> <li>Weifang Municipal Industrial Technology Centre</li> </ul>

### Shandong Molong Research and Development Platforms



Disclosure Items	Unit	2025
R&D Investment	RMB	45,080,295
Proportion of R&D Investment to Operating Revenue	%	2.56
Number of R&D Staff	persons	148
Proportion of R&D Personnel	%	11.67

## ● Intellectual Property Protection

Shandong Molong actively responds to national policies on building a strong intellectual property nation and attaches great importance to the application, management, and protection of intellectual property rights. The Company has established a comprehensive intellectual property management system and formulated management documents such as the Intellectual Property Management Manual, Intellectual Property Document Control Procedure, and Intellectual Property Management Review Control Procedure. An Intellectual Property Team has been established, with clearly defined roles and responsibilities.

The Company continuously improves its intellectual property risk control mechanisms and handling procedures, actively applies for patents, trademarks, and other intellectual property rights, and engages third-party professional agencies to enhance patent protection, ensuring that innovative achievements receive full legal protection. All internal technical personnel and employees involved in confidential external projects are required to sign non-disclosure agreements. In addition, the Company diligently studies and implements national intellectual property policies, regularly conducts internal intellectual property training, and continuously promotes the transformation of research and development outcomes.

Disclosure Items	Unit	2025
Total Number of Patents	patents	50
Number of New Patent Applications	patents	27
Number of New Patent Grants	patents	12
Number of Invention Patents Applied to Main Business	patents	11
Number of Invention Patent Applications During the Reporting Period	patents	2
Number of Invention Patent Grants During the Reporting Period	patents	1
Total Number of Valid Patents	patents	50
Number of Valid Trademarks	trademarks	17

## ● Craftsmanship Ensures Quality

Shandong Molong consistently adheres to the quality policy of "targeting the global market, pursuing excellence and prestige, treating every customer as an ally, and achieving mutual benefit through sincerity", continuously optimising its product quality management systems and processes, and striving to deliver outstanding products and services that satisfy both customers and the market.

## ■ Governance

Shandong Molong has established a quality management system centred on formalised procedures. Drawing on specialised quality management documents within the Company’s procedural compilation, responsibilities, process standards, and reward and penalty mechanisms are clearly defined, forming a dual-core responsibility system led by the Technical Centre and the Quality Management Department, which drives the standardisation and systematisation of quality management. The Company has formulated multiple specialised procedures, including the Product Realisation Control Procedure, Product Inspection, Testing and Verification Control Procedure, Quality Risk Management Control Procedure, Quality Incident Management System, Quality Reward and Penalty Measures, Purchased Product Quality Control Management Measures, and Product Quality Certificate Control Provisions. These cover the full product lifecycle—design, procurement, production, inspection, and after-sales—clarifying quality control requirements and responsibilities at each stage. Within this framework, the Technical Centre focuses on ensuring product design and process quality, while the Quality Management Department oversees quality supervision, inspection and testing, and system audits. Each production department is responsible for implementing process quality control, forming a closed-loop management mechanism of “planning and coordination – execution – supervision and inspection – corrective improvement”. The Company possesses an independent physical and chemical laboratory equipped with advanced and comprehensive testing instruments, including tensile testing machines, impact testing machines, various hardness testers, spectrometers, metallurgical microscopes, and gas analysers, as well as an 80-channel hydrogen sulphide corrosion testing laboratory. The Company’s physical and chemical laboratory is accredited by the CNAS national laboratory certification, ensuring that experimental data are internationally recognised.

The Company’s valve products and seamless steel pipe materials have obtained EU CE certification and certification from the Norwegian Classification Society. The Company has also been awarded the Measurement Management System Certification (AAA).



Shandong Molong Measurement Management System AAA Certificate



Nationally Accredited Laboratory Certificate with CNAS Mark

## ■ Strategy

To realise its business strategy of “forging the Molong’s brand, expanding the global market and achieving steady development”, Shandong Molong consistently implements the quality policy of “targeting the global market, pursuing excellence and prestige, treating every customer as an ally, and achieving mutual benefit through sincerity”. The Company sets “upstream control” as a key quality management objective, strengthening the implementation of management measures and continuously improving its quality management system.

## ■ Impact, Risk and Opportunity Management

Shandong Molong has established a comprehensive set of control processes from raw materials to finished product delivery, achieving procedural management of quality control and equipping corresponding testing instruments to ensure effective monitoring of process quality. The Company maintains a complete set of measuring instruments, operates an internal metrology room, and has implemented a metrology calibration warning system to carry out regular verification and calibration of measuring tools, ensuring their use under controlled conditions. During production, a hydrostatic testing process has been established, with clear and complete test records and effectively preserved test curves that can be repeatedly accessed, further enhancing the standardisation and rigor of quality management.

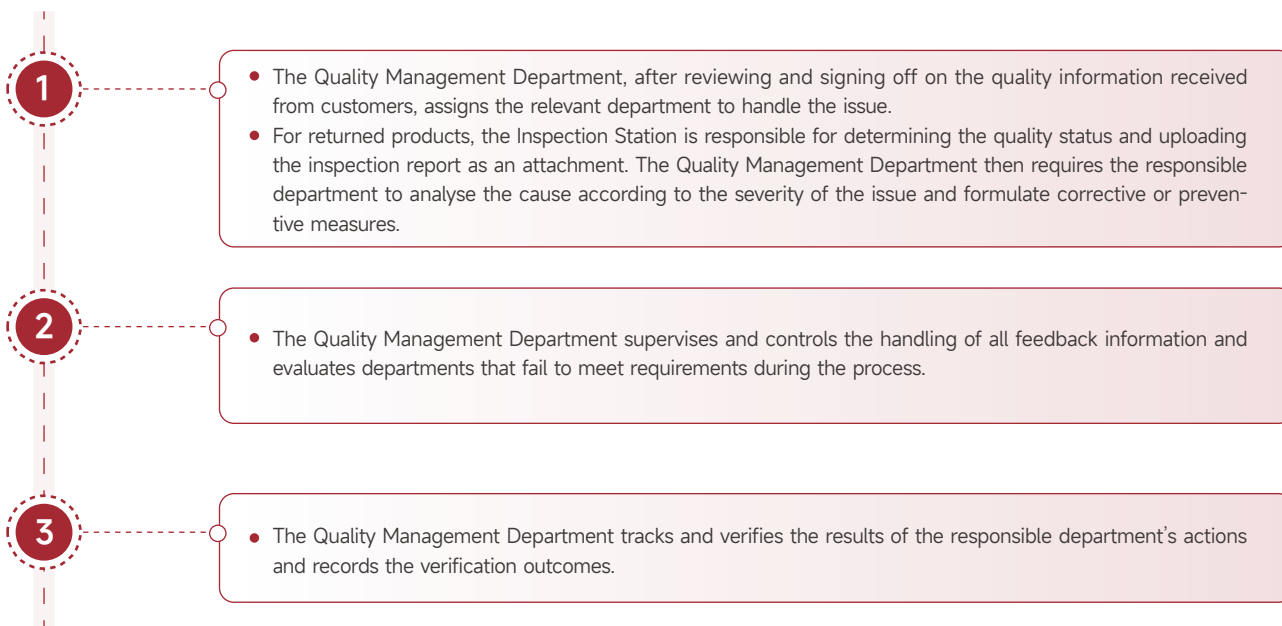
The Company's management conducts an annual management review, while the Quality Management Department organises an internal audit once a year. Relevant functional departments carry out periodic supervision and inspection of the system's daily operations, continuously improving the suitability, adequacy, and effectiveness of the management system. Inspectors regularly perform visual inspections, dimensional checks, and thread inspections, with any non-conformities required to be rectified. The handling of non-conforming products is strictly governed by the Non-conforming Product Review and Control Measures, with complete records of non-conformance reviews retained. Non-conformities identified during audits are managed in accordance with the Corrective Action Control Procedure, comprehensively enhancing quality risk management and the overall management system.

In accordance with quality management laws and standards, and in line with the latest regulatory requirements, the Company conducts annual specialised quality training for internal employees. The training covers professional technical knowledge and the quality management system, ensuring that employees fully understand the Company's quality policies, processes, and objectives, thereby comprehensively enhancing their quality management capabilities and awareness.

### Product Recall

Shandong Molong has established internal documents, including the Quality Incident Management System, Non-conforming Product Control Procedure, and Non-conforming Product Review and Control Measures. For products requiring recall, the Company has developed comprehensive handling procedures and emergency plans, carrying out cause analysis, traceability, and corrective optimisation to ensure the stability of product quality.

## Resolution and Optimisation Process for Customer Feedback on Product Quality



## ■ Metrics and Goals

Shandong Molong maintains a customer-centric approach, regularly monitoring and analysing quality objectives to effectively manage and control quality risks. During the reporting period, the Company experienced no major safety or quality incidents related to its products or services, and no product recalls occurred.

## ◎ Strengthening Data Security

Shandong Molong places great emphasis on the protection of customer privacy and data security, continuously optimising its information security management system, formulating information security risk emergency plans, and conducting cybersecurity training to further safeguard the Company’s network information security.

### ■ Governance

Shandong Molong strictly adheres to the Cybersecurity Law of the People’s Republic of China and the Measures for the Graded Protection of Information Security, among other relevant laws and regulations. The Company has established internal documents for managing customer privacy and data security, including the Information Systems Management Policy, Network Security Protection Management Policy, Computer Management Regulations, and Data Centre Management Policy, thereby building a comprehensive network information security management system. In addition, the Company regularly conducts cybersecurity training for employees to enhance their awareness and capability in information security protection.

### ■ Strategy

Shandong Molong’s management of customer privacy and data security primarily covers core operational processes such as tender comparison, quotation approval, and contract signing. The customer information involved mainly consists of basic client details. The Company consistently follows a “prevention first, strengthened control” approach to network information security management.

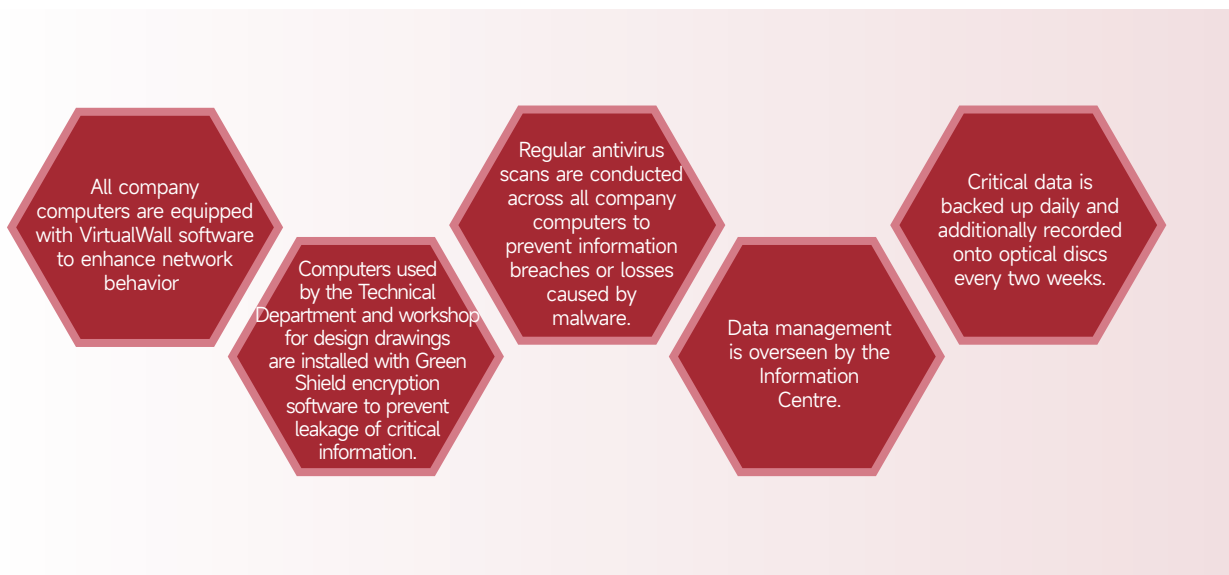
### ■ Impact, Risk and Opportunity Management

Shandong Molong has established a comprehensive risk management framework to scientifically identify, assess, and mitigate information security risks. Risks are classified and managed according to their materiality, with detailed emergency plans and response measures in place. To standardise internal data management and enhance digital governance, the Company has formulated the Data Breach Response Management Policy. In the event of a data breach, the data recovery procedures are immediately activated. While conventional technical measures are employed to restore data, the Company simultaneously evaluates the potential chain losses caused by the breach and implements appropriate remedial actions.

The Company’s IT Department conducts regular comprehensive risk assessments and vulnerability scans. When internal personnel handle sensitive data during their work, they are required to communicate in advance with the IT Department and establish detailed data handling protocols. In addition, the Company has implemented a robust accountability and disciplinary system for data security breaches.

To strengthen information security management, the Company performs daily automatic and off-site backups of ERP, OA, and other system data, encrypts critical documents using Green Shield software, carries out regular antivirus checks, and promptly addresses computer and network security vulnerabilities, effectively safeguarding the privacy of suppliers, partners, and customers. Furthermore, the Company has established an accountability framework and a log audit system to regularly monitor and inspect the confidentiality practices of personnel handling sensitive information.

## Measures Implemented by the Company to Strengthen Data Security Management



■ Metrics and Goals

Disclosure Items	Unit	2025
Information Security Audit Frequency	times	1
Financial Impact of Data Security Incidents	RMB 10,000	0
Financial Impact of Customer Privacy Breach Incidents	RMB 10,000	0
Data Security and Privacy Training Sessions	times	1
Number of Employees Covered by Data Security and Privacy Training	persons	30

## Deepening Win-win Cooperation, Building a Responsible Supply Chain

Shandong Molong adheres to the development philosophy of win-win cooperation, focusing on collaborative growth across the industrial chain. The Company regards the establishment of a responsible supply chain and empowerment through diversified partnerships as key measures to implement sustainable development. Aligning closely with the development needs of the energy equipment manufacturing sector, Shandong Molong adopts a systemic approach to plan and advance priority initiatives, including optimising customer services, standardising supplier management, and fostering industry-wide collaborative empowerment. By consolidating efforts across upstream and downstream partners, the Company builds a mutually beneficial ecosystem, supports industrial quality enhancement, and demonstrates its commitment to sustainable development.

### ◎ Optimising Customer Service

Shandong Molong recognises that high-quality customer service is a crucial factor in enhancing customer trust and strengthening market competitiveness. The Company consistently upholds the service philosophy of “winning the trust of customers with high-quality products”, and has established a comprehensive customer service management system, supported by an efficient customer service management framework.

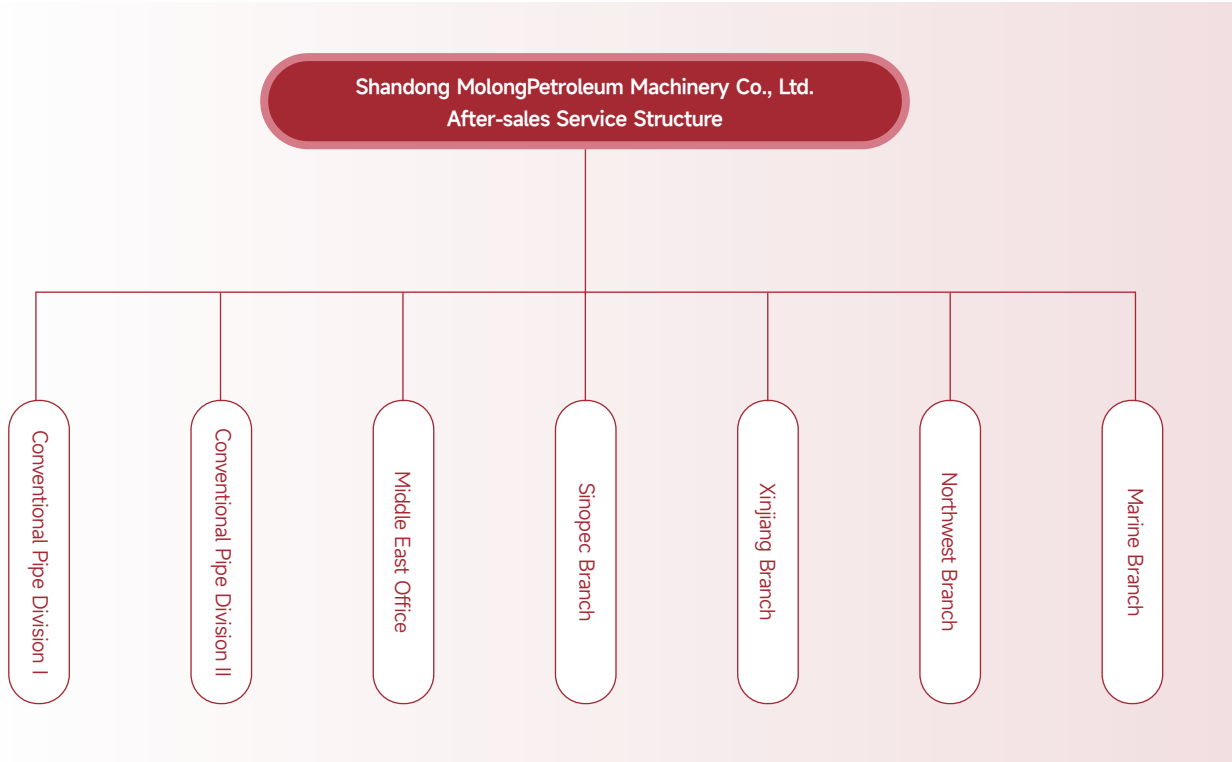
#### ■ Governance

Shandong Molong continuously optimises its customer service operations to ensure the quality of after-sales support. The Company has established customer service management policies, including the After-sales Service Management System, Wellsite Support Management Measures, and Sales Business Management System, which clearly define the responsibilities and authority of the relevant departments. At the same time, to safeguard the legitimate rights and interests of both parties, the Company signs agreements with customers such as the Confidentiality Agreement, Integrity and Honest Cooperation Agreement, and Strategic Cooperation Agreement, thereby establishing a compliant and mutually beneficial long-term partnership.

To enhance the accessibility of customer service, the Company has established dedicated after-sales service centres in various regions. This ensures that, whenever market service needs arise, marketing staff, technical experts, and after-sales service engineers can be promptly deployed to provide support. Customer service personnel are assigned to monitor the resolution process from start to finish until the issue is fully resolved. The Company regularly conducts customer service training for employees to improve their professional skills and service awareness, thereby comprehensively strengthening the Company’s soft power through high-quality customer service.



## Distribution of Shandong Molong After-sales Service Centres



### ■ Strategy

Shandong Molong’s customer service philosophy is: “arousing the fighting will of the masses, gathering the wisdom of the masses, gathering the virtue of the public and business startups by the public; quality first, customer needs first and winning the trust of customers with high-quality products”. The Company consistently implements a customer service management strategy focused on “forging the Molong’s brand, expanding the global market and achieving steady development”.

### ■ Impact, Risk and Opportunity Management

Shandong Molong has established a full-process risk control mechanism for customer service, focusing on key areas such as handling customer complaints, enhancing customer satisfaction, and responsible marketing, with the aim of continuously improving service quality.

#### Customer Complaints

According to the After-sales Service Management System, customer complaints are categorised into product quality complaints, transportation and packaging complaints, service quality complaints, and other types. Through multiple channels—including customer delivery feedback, satisfaction surveys, client meetings, and market share analysis—the Company accurately identifies customer needs and continuously optimises both product quality and service standards.

### Customer Complaint Feedback and Handling Process

**01** The sales company assigns dedicated personnel to be responsible for receiving, recording, and filing feedback information.

**02** Upon receipt of each piece of feedback information, it shall be ensured that the content is accurately and comprehensively stated, specifying the supply time and quantity of the products involved, as well as the user’s disposition opinions regarding the batch of products. Where necessary, relevant supporting materials may be attached.

- 03 After obtaining the information, it shall be promptly recorded in the Corrective and Preventive Action Record Form, and the information shall be handled by the Quality Manager in accordance with the prescribed sequence.
- 04 After the Quality Management Department has reviewed and signed off on the feedback information, it selects the relevant departments for handling. In the case of returns, the Inspection Station is responsible for determining the quality status and uploading the inspection report as an annex. The Quality Management Department, based on the severity of the issue, instructs the responsible departments to analyse the causes and formulate corrective or preventive actions.
- 05 The Quality Management Department supervises and controls the entire feedback handling process and carries out performance assessments on departments that fail to meet requirements during implementation.
- 06 The Quality Management Department conducts follow-up verification of the responsible departments' handling results and records the verification outcome.
- 07 Once all feedback information has been fully processed, the sales company communicates the results and completion status to the customer and records the final conclusion.

To ensure that customer requests are promptly communicated and efficiently addressed, Shandong Molong has established management documents such as the Customer Satisfaction Control Procedure and the Information Feedback Management System. Customer feedback and satisfaction are collected through regular surveys and ad hoc follow-up visits, enabling the Company to continuously optimise customer service measures and accurately align with customer needs.

### Dimensions of the Customer Satisfaction Survey Questionnaire



### Responsible Marketing

Shandong Molong stipulates that sales operations are governed by the principles of risk management and a combination of comprehensiveness and materiality. The Company conducts a comprehensive analysis of business order risks, promptly formulates preventive strategies, and effectively mitigates operational risks. At the same time, full control is applied to the sales process, with particular emphasis on managing responsibilities and authorities, sales policies, credit management, and payment collection.

In its product trading, export, and resale operations, the Company strictly complies with the laws, regulations, and relevant institutional requirements of the jurisdictions in which it operates. While providing high-quality services to customers, Shandong Molong consistently emphasises the importance of responsible marketing and resolutely safeguards customers' legitimate rights and interests. Employees and sales companies are required to strictly follow relevant guidelines during sales and customer service activities. In addition, the Company regularly conducts training and post-training assessments on responsible marketing to strengthen awareness among employees and sales companies, ensuring accountability for products, the Company, and customers. During the reporting period, no customer complaints regarding responsible marketing were received.

## ■ Metrics and Goals

Disclosure Items	Unit	2025
Number of Product-related Complaints Received	times	36
Number of Product Recall Incidents	incidents	0
Amount Involved in Major Safety and Quality Liability Incidents Related to Products and Services During the Reporting Period	RMB	0
Business Coverage of Quality Management System Certification	%	100
Proportion of Sold or Delivered Products Recalled due to Safety and Health Issues	%	0
Number of Service-related Complaints Received	times	0
Number of Resolved Customer Complaints	times	36
Customer Satisfaction Survey Results	%	97.94
Follow-up Satisfaction Survey Results for Complaints Received	%	100

## ◎ Standardising Supplier Management

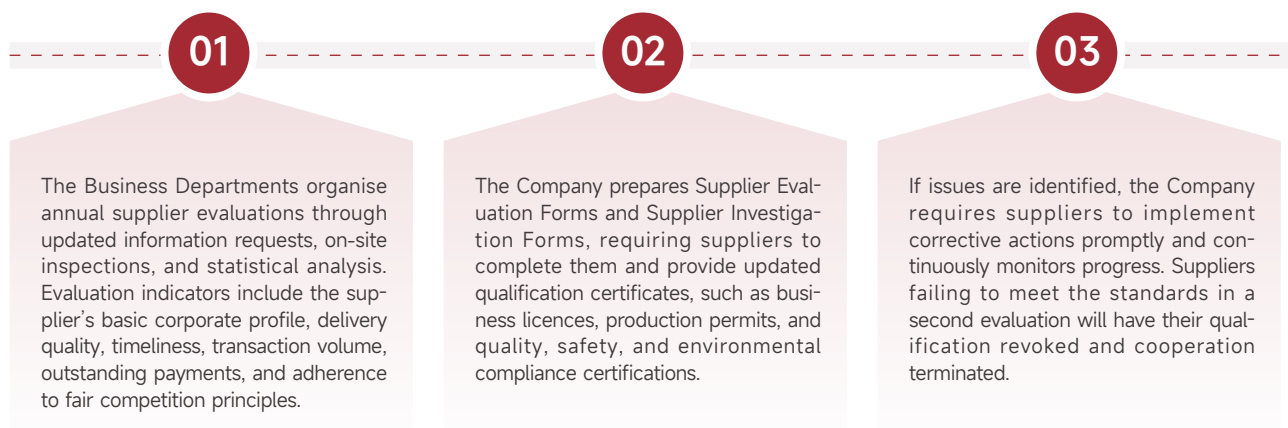
Shandong Molong adheres to the concept of sustainable development and bases its operations on the full-process management requirements of material procurement. Guided by internal management documents such as the Material Procurement Management System and the Supplier Management System, the Company integrates supplier management into every stage of the procurement process. It has established a sound system for supplier qualification assessment, evaluation, development, and dynamic management, promoting the standardisation and formalisation of the entire supplier onboarding, selection, and cooperation process. This strengthens supply chain risk prevention, safeguards the legitimate rights and interests of both suppliers and the Company, and continuously builds a stable, compliant, and efficient responsible supply chain system.

## ■ Governance

Shandong Molong's supplier management system is guided centrally by the Supplier Management System, with the Procurement Department leading the full-process management of qualified suppliers. This encompasses all aspects, including supplier investigation, qualification assessment, and development of high-quality suppliers. During the supplier onboarding process, the Company conducts a strict qualification review for new suppliers. Only after passing the review, signing the required commitment letter, and completing the onboarding registration can a supplier be included in the qualified supplier database and participate in the Company's procurement bidding.

In the routine management of suppliers, the Procurement Department regularly analyses market prices and supply-demand fluctuations for the Company's key materials. The Business Departments conduct comprehensive evaluations of suppliers based on core criteria such as delivery quality, timeliness, and price reasonableness, producing dynamic supplier assessment results. Suppliers identified with deficiencies are required to complete corrective actions within a specified period; those failing to do so are removed from the qualified supplier database, thereby continuously optimising the supplier tier structure. Meanwhile, the Quality Management Department conducts routine supervision of supplier delivery quality through the incoming inspection process, and multi-department collaboration ensures a closed-loop supplier management system.

## Shandong Molong Supplier Evaluation Process



### ■ Strategy

Shandong Molong regards supply chain strategic management as a core pillar of corporate sustainable development. The Company fully integrates supply chain security and resilience into its enterprise-wide risk management framework and daily operational processes. Standardised management is applied to ensure supply chain compliance, while refined controls enhance supply chain resilience against risks. Green transformation initiatives promote low-carbon collaboration across the industrial chain, and ecosystem-oriented cooperation fosters mutually beneficial outcomes for upstream and downstream partners. Through these measures, the Company strives to build a stable, compliant, efficient, and responsible modern supply chain system.

Regarding climate-related risks and opportunities across the entire supply chain, the Company comprehensively identifies influencing factors, clarifies financial impacts and occurrence timelines, and develops response measures tailored to its operational realities, as detailed below:

Type	Risks and Opportunities	Impact	Impact Period	Response Measures
Risks	Technology Risks	<ul style="list-style-type: none"> <li>The accelerated iteration of digital and intelligent supply chain management technologies means that if management models and technological tools do not upgrade synchronously, supply chain control efficiency and traceability may lag behind industry standards, indirectly increasing management costs and compliance risks.</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Continuously benchmark against advanced industry supply chain management practices and improve the full-process digital procurement management system, enhancing the online and traceable capabilities of supplier management, bidding and price comparison, and inventory control.</li> <li>Optimise supply chain management policies and procedures, strengthen cross-departmental collaboration among Procurement, Quality, and Audit teams, integrate management data flows, and improve full-process control efficiency.</li> </ul>
		<ul style="list-style-type: none"> <li>Inadequate operation and maintenance of existing procurement and supplier management systems may lead to data management gaps and process control failures, affecting the compliance and continuity of procurement operations.</li> </ul>	Short- to Medium-term	<ul style="list-style-type: none"> <li>Improve the daily operation and maintenance mechanisms of management systems to ensure the stable functioning of core modules such as procurement approvals, supplier evaluations, and bidding management.</li> <li>Strengthen training on policies and system operations for procurement and related personnel to enhance standardised management and system application capabilities.</li> </ul>

Type	Risks and Opportunities	Impact	Impact Period	Response Measures
Risks	Market Risks	<ul style="list-style-type: none"> <li>• Cost fluctuations: Raw material prices may surge significantly due to market supply and demand, geopolitical factors, and exchange rate volatility; logistics costs may increase as a result of fuel price and transport capacity changes, causing total supply chain costs to rise beyond expectations and squeezing the Company's profit margins.</li> </ul>	Medium-to Long-term	<ul style="list-style-type: none"> <li>• Rely on the qualified supplier database and sign long-term agreements with key high-quality suppliers to stabilise partnerships and lock in critical raw material procurement costs.</li> <li>• Continuously optimise a multi-region, multi-channel supplier network to disperse risks of supply fluctuations and cost increases from a single channel or region.</li> <li>• Optimise procurement planning by aligning with production needs and market price trends to manage purchase volumes and inventory levels reasonably, reducing cost impacts from price volatility.</li> </ul>
		<ul style="list-style-type: none"> <li>• Demand changes: When downstream market demand experiences sudden fluctuations, insufficient supply chain flexibility may result in delayed adjustments to production plans and procurement volumes, causing delivery delays, inventory accumulation, or raw material shortages, which can affect business performance and customer reputation.</li> </ul>	Medium-to Long-term	<ul style="list-style-type: none"> <li>• Utilise the dynamic supplier evaluation system to cultivate high-quality, flexible supply partners and establish an elastic procurement cooperation mechanism, ensuring agility in adjusting purchases under fluctuating demand.</li> <li>• Deepen collaboration with core suppliers through regular communication to synchronise production and demand plans, enhancing supply chain responsiveness.</li> <li>• Optimise inventory management by maintaining reasonable safety stock levels to balance supply security with cost reduction objectives.</li> </ul>
	Reputation Risks	<ul style="list-style-type: none"> <li>• If upstream suppliers fail to meet environmental standards, violate labour rights, engage in commercial bribery, or supply non-compliant products, this may trigger regulatory accountability, damage the Company's brand reputation, or even lead to cooperation termination and legal liabilities.</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>• Establish a full-process supplier compliance control mechanism, conduct strict qualification and compliance reviews during onboarding, and require suppliers to sign compliance commitment letters specifying environmental, labour, and anti-bribery obligations.</li> <li>• Integrate environmental, compliance, and social responsibility performance into the routine dynamic supplier evaluation system; conduct regular compliance audits and require suppliers with deficiencies to implement corrective actions within a set timeframe, removing those who fail to comply from the qualified supplier database.</li> <li>• Include compliance breach clauses and exit mechanisms in procurement contracts to reinforce supplier accountability and mitigate compliance and reputational risks from the source.</li> </ul>

Type	Risks and Opportunities	Impact	Impact Period	Response Measures
Opportunities	Policy Opportunities	<ul style="list-style-type: none"> <li>Increasing global and domestic regulatory requirements for supply chain compliance, transparency, and green low-carbon practices mean that companies with standardised supply chain management can better meet regulatory expectations and gain policy benefits such as government project cooperation and market access.</li> </ul>	Medium-to Long-term	<ul style="list-style-type: none"> <li>Continuously monitor domestic and international policies related to supply chain, green low-carbon practices, and procurement compliance, and timely optimise supplier management and green procurement systems to ensure full-process compliance.</li> <li>Leverage compliant and green supply chain construction to actively expand into markets and cooperation projects with high compliance requirements, seizing early policy and market advantages.</li> </ul>
	Market Opportunities	<ul style="list-style-type: none"> <li>Upgrades in downstream industries such as high-end equipment manufacturing and energy equipment, along with trends in industrial chain collaboration, create new opportunities for the Company to deepen strategic cooperation with suppliers, optimise supply chain layout, and enhance influence within the industrial chain.</li> </ul>	Medium-to Long-term	<ul style="list-style-type: none"> <li>Regularly hold supplier forums and other exchange activities to deepen strategic cooperation with high-quality suppliers, promoting close collaboration across upstream and downstream partners in technology, quality, and supply assurance.</li> <li>Continuously optimise the supplier tier structure, develop high-quality supplier resources, and improve supply chain layout to align with the Company's market expansion and capacity upgrade needs.</li> </ul>
	Technology Opportunities	<ul style="list-style-type: none"> <li>The adoption and application of digital and intelligent supply chain management technologies can help the Company optimise the entire procurement process, supplier management, inventory control, and quality traceability, reducing operational losses and improving cash flow and supply chain management efficiency.</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Explore the application of digital tools in supplier evaluation, bidding and procurement, inventory optimisation, and quality traceability to progressively enhance the intelligence level of supply chain management.</li> <li>Draw on advanced industry technology practices to steadily advance the digital upgrading of procurement and supply chain management processes, strengthening full-process risk control while reducing costs and improving efficiency.</li> </ul>
		<ul style="list-style-type: none"> <li>Upgrades to automation and intelligent equipment in warehousing and logistics can effectively improve inventory turnover efficiency and reduce labour losses and operational errors.</li> </ul>	Medium-to Long-term	<ul style="list-style-type: none"> <li>Optimise warehouse management models in line with the Company's production and procurement needs to enhance inventory turnover efficiency.</li> <li>Benchmark against advanced industry warehousing practices and progressively explore the application of intelligent warehousing equipment to reduce resource consumption and management costs in the warehousing process.</li> </ul>

## ■ Impact, Risk and Opportunity Management

To comprehensively enhance supply chain risk control, Shandong Molong integrates supplier risk management throughout the entire procurement process, establishing risk prevention and control checkpoints at onboarding, collaboration, and contract performance stages to effectively mitigate partnership, quality, and procurement risks. During the early phase of supplier cooperation, bidding suppliers are required to sign a commitment letter specifying compliance requirements. When executing procurement, the Procurement Department strictly selects partners from the qualified supplier database and avoids engaging with suppliers lacking integrity or performance capability, thereby reducing collaboration risks at the source.

During the procurement process, the Company has established a supplier exception reporting mechanism. When the Business Departments identify anomalies such as delayed deliveries, quality fluctuations, or changes in supplier qualifications, they promptly report the issues and implement appropriate measures. In cases of supplier non-compliance detected during price comparison or bidding, the Procurement Department collaborates with the Audit Department to conduct investigations and handles the matter cautiously in accordance with internal regulations, adding a managerial review step from the Audit Department if necessary to strengthen risk control. If a supplier exhibits quality issues or breaches the contract, the Procurement Department will claim damages from the supplier in accordance with contractual terms, the Quality Management Department will issue a quality appraisal, and the Finance Department will suspend payment execution, ensuring multi-departmental coordination in risk mitigation.

The Company strictly complies with national regulations on the payment of funds to small and medium-sized enterprises, conscientiously fulfils contractual obligations, and effectively safeguards the legitimate rights and interests of SMEs.

### Green Supply Chain

Shandong Molong integrates the development of a green supply chain with the fundamental principles of its procurement operations. In supplier selection and collaboration, the Company prioritises suppliers holding environmental management system certifications or green factory certifications, guided by the principles of economy and efficiency. This approach fosters upstream and downstream supply chain collaboration, enhances operational efficiency, and reduces resource waste. In the management of procured materials, Shandong Molong improves the efficiency of resource allocation by formulating reasonable procurement plans, strictly controlling purchase requests, and optimising inventory management, thereby reducing capital tied up in stock and minimising material backlog.

At the same time, the Company employs a dynamic supplier evaluation mechanism to encourage its partners to continuously improve product quality and fulfilment capabilities. Suppliers with quality issues are required to implement corrective actions within a specified timeframe. This process enhances the overall quality of the supply chain, laying a solid foundation for Shandong Molong's green production and efficient operations, and promoting the sustainable, collaborative development of the entire upstream and downstream industrial chain.

### Transparent Procurement

Shandong Molong strictly adheres to the requirements set out in the Material Procurement Management System, Supplier Management System, Tendering Management System, and other relevant regulations, establishing a transparent and open procurement management framework. For procurement activities that meet the tendering threshold, the Company conducts tendering strictly in accordance with the stipulated procedures. Except for minor purchases, the Procurement Department selects three or more suppliers from the qualified supplier database for price enquiries, and carries out price comparisons after obtaining written or system quotations, ensuring that supplier selection and procurement pricing are open, fair, and reasonable.

The Company clearly defines approval authorities for procurement activities, implementing a tiered approval process based on the procurement amount. The outcomes of tenders and negotiated procurements are reviewed and confirmed by the departments with the relevant authority. Throughout the procurement process, records such as price comparisons, approvals, and contracts are retained to ensure traceable management. At the same time, the Company establishes clear standards for penalising violations of procurement regulations, strictly prohibiting procurement staff from splitting purchase plans or circumventing tendering and supplier management procedures. Any irregularities in the procurement process are subject to rigorous assessment, effectively preventing procurement fraud at the institutional level and safeguarding a transparent procurement ecosystem.

## ■ Metrics and Goals

Disclosure Items	Unit	2025
Total Number of Suppliers	suppliers	267
Percentage of Suppliers Who Have Signed the Supplier Code of Conduct	%	100.00
Number of Suppliers Identified as Having Actual or Potential Significant Negative Social Impacts	suppliers	0
Number of Suppliers Identified as Having Actual or Potential Significant Negative Environmental Impacts	suppliers	0

## Strengthening Industry Collaboration

Shandong Molong actively engages in industry exchanges and university-enterprise cooperation. The Company fulfils its responsibilities within industry associations, participates in or assists with the development of industry standards, promotes knowledge sharing, and contributes to the high-quality development of the sector.

The Company takes an active role in industry dialogues to explore new development models. In terms of university-enterprise cooperation, Shandong Molong establishes collaborative platforms for industry-academia-research integration, facilitating the transformation of scientific research outcomes into practical productivity, thereby injecting new momentum into the industry's development.



Shandong Molong Serves as a Board Member of the Shandong Steel Association



Shandong Molong Is a Member of the China Petroleum & Petrochemical Equipment Industry Association

## Upholding the People-centred Approach, Safeguarding Employee Rights and Interests

Shandong Molong has always adhered to a people-centred philosophy, regarding the protection of employee rights and the promotion of their growth and development as a fundamental pillar of sustainable corporate development. The Company upholds the legal baseline for employment, respects employees as key stakeholders, and balances their legal rights, developmental needs, and well-being. Guided by principles of fairness, justice, equality, and inclusiveness, Shandong Molong implements standardised employment management, optimises incentive mechanisms, builds platforms for professional growth, and strengthens welfare protections. By actively listening to employees' voices and fostering their engagement, the Company provides comprehensive support for career development and rights protection, creating a harmonious, progressive, and shared work environment. This approach enables mutual growth and reciprocal empowerment for both the enterprise and its employees.

### Protection of Employee Rights and Interests

#### Governance

Shandong Molong strictly complies with the Labour Law of the People's Republic of China, the Labour Union Law of the People's Republic of China, and other relevant laws and regulations. The Company has established specific policies such as the Employee Attendance and Leave Management System, the Employee Conduct and Disciplinary Management System, and the Payroll Calculation Procedures. The Human Resources Department, as the central coordinating body, oversees the entire employee lifecycle, including recruitment, training, payroll calculation, and attendance and disciplinary management. This ensures that human resources management is both lawful and efficient, providing essential support for achieving the Company's strategic objectives and shaping its corporate culture.

#### Strategy

Shandong Molong upholds the principles of fairness, justice, transparency, and equality in employment. The Company regulates labour practices in accordance with the law, strictly prohibiting child labour and forced labour, implementing equal pay for equal work, and providing equal opportunities for promotion and career development, thereby safeguarding the lawful rights and interests of all employees.

## ■ Impact, Risk and Opportunity Management

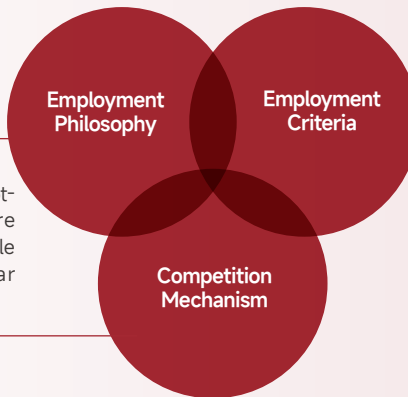
### Employee Recruitment and Structure

Shandong Molong has established a standardised recruitment process, clearly defining hiring criteria, medical examination requirements, and other compliance obligations. This approach ensures employment quality and protects employee rights from the outset, guaranteeing that recruitment activities fully comply with applicable laws, regulations, and internal policies.

### The Company’s Employment Philosophy, Criteria, and Competition Mechanism

Putting people first, respecting talents, cultivating talents, equal stress on integrity and ability and giving full scope to the talents

Capable people will naturally be promoted to leadership positions, mediocre people should give way to more capable people and incompetent or vulgar people should be removed



Employees with a sense of innovation and continuous enterprising spirit

As of the end of the reporting period

the Company employed **1,268** staff members

During the reporting period

**80** new employees were recruited

### Employee Data

Total Employees **1,268**

#### By Gender



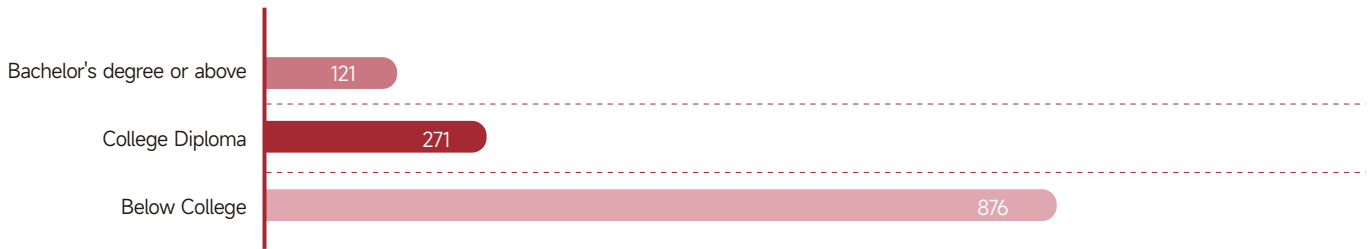
#### By Employment Type



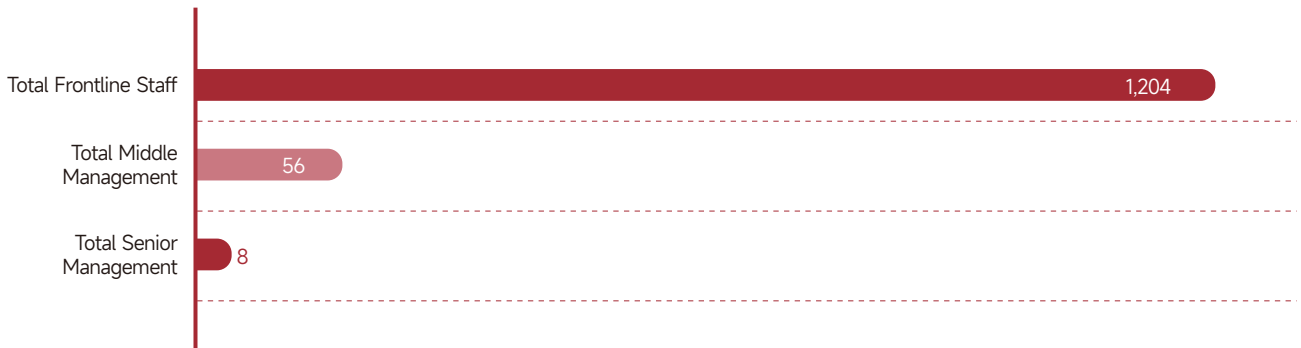
### By Age



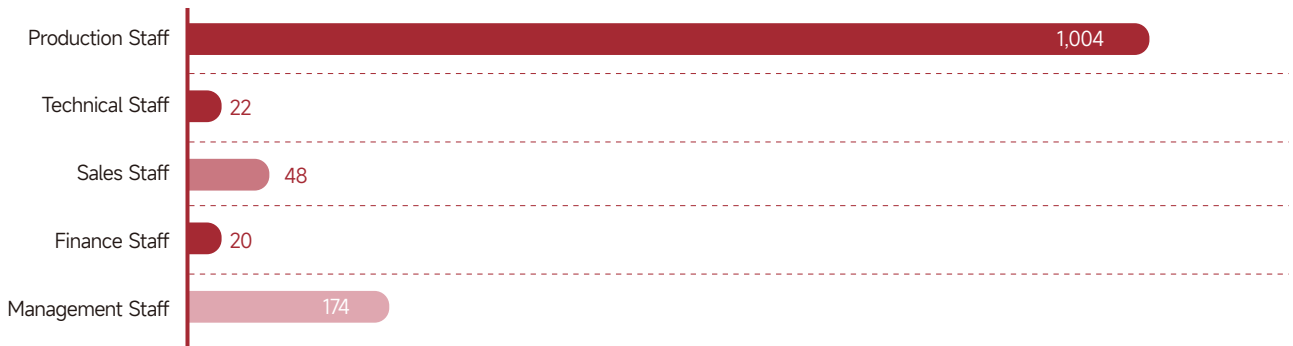
### By Education



### By Employee Category



### By Professional Category



## Employee Incentives

Shandong Molong continuously optimises its compensation system, establishing a diversified salary structure comprising “base salary + performance rewards + special allowances”. While ensuring stable income for employees, this approach promotes a performance-oriented incentive model of “more work, more reward”. The Company places greater emphasis on salary investment for technical, administrative, and frontline production staff, revising the Salary Management System for Fixed-Rate Employees to provide special allowances for employees who attain relevant skill levels or professional qualifications. This effectively enhances employee retention and work motivation.

## Employee Democratic Management

Shandong Molong regards democratic management as a key foundation for corporate development. The Company strictly implements the system of the Employees’ Representative Congress, effectively safeguarding employees’ rights to participate in and supervise corporate affairs, and creating an efficient communication bridge between the enterprise and its workforce. In terms of information disclosure, the Company uses multiple platforms, including notice boards, the official WeChat account, and Douyin, to regularly share core information on business operations and development plans with all employees. This ensures employees are informed about corporate decision-making and provides a solid foundation for employee representatives to effectively communicate between management and staff.

The Company strictly implements regular meetings for employee representatives and related meeting systems, convening the Employees’ Representative Congress on a scheduled basis. These meetings provide comprehensive reports on business development progress and submit important matters, such as company rules and regulations, for the Congress’s review, fully safeguarding the participation and advisory rights of employee representatives. At the same time, employee representatives serve as a central communication link. Through forums, online communication groups, and other channels, the Company regularly gathers frontline employee feedback, opinions, and constructive suggestions from representatives. This ensures effective upward communication and provides accurate, practical grassroots input to support corporate and production management decision-making.

The Company promotes interdepartmental coordination to follow up on and effectively address the feedback and suggestions submitted by employee representatives, ensuring that employees’ reasonable requests are implemented and yield tangible results. Employee representatives also actively fulfil their democratic supervision duties, regularly monitoring corporate operations, administrative management, and other activities, thereby supporting the Company’s standardised operations. In addition, the Company’s Labour Union, as the central body managing the Employees’ Representative Congress system, oversees the standardised and regular implementation of all democratic management initiatives, ensuring that employee democratic participation delivers practical value in corporate development.



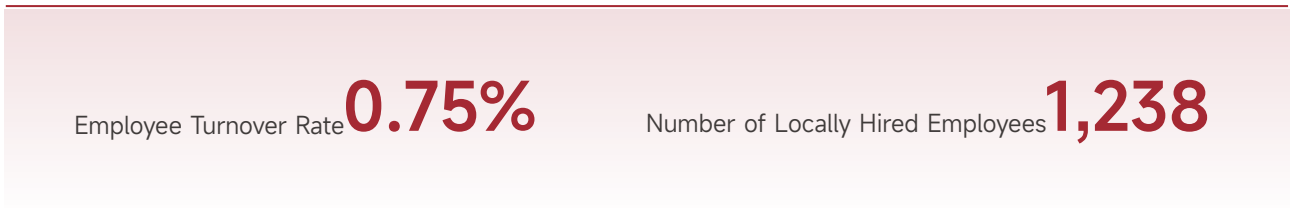
Case

### Shandong Molong Organises Forum for Young Employees

On 13 October 2025, Shandong Molong held a forum for young employees with a bachelor’s degree or above. The meeting provided targeted guidance and positive incentives addressing their work performance and development needs. Discussions focused on enhancing professional skills, career development planning, practising corporate culture, strengthening discipline and compliance, and promoting effective communication and collaboration, thereby clarifying the growth and development direction for young employees.



■ Metrics and Goals



◎ Enhancing the Training System

To improve overall employee competence and job-related skills, and to stimulate motivation and creativity across the workforce, Shandong Molong continuously optimises its integrated “Assessment-Learning-Application” talent development mechanism. By regularly conducting skills training exercises, the Company promotes the enhancement of professional quality and job performance for all employees, thereby laying a solid talent foundation for the sustainable and high-quality development of the enterprise.

■ Governance

The Company has always attached great importance to employee training and has established a training system that combines both short-term and long-term programmes, as well as an employee training management system. It formulates annual corporate training plans, builds the workforce into a learning-oriented organisation, enhances employees’ professional competence, and fosters the development of their potential.

■ Strategy

Guided by the principles of “continuous innovation and adapting to the times”, Shandong Molong implements a people-centred management philosophy. The Company optimises human resource allocation, strengthens talent development, and, through comprehensive, multi-level training and promotion mechanisms, promotes the collaborative growth of employees and the enterprise.

■ Impact, Risk and Opportunity Management

To provide employees with broader opportunities for career advancement and personal growth, the Company has carefully developed career development pathways covering four key areas: business, management, technical roles, and skilled production work. Employees can leverage an open competitive application system to achieve promotions or progress from frontline positions to management roles, fully exploring and realising their professional potential.



Employee Career Development Path

The Company places great emphasis on employee training, establishing a training system that combines long-term and short-term programmes, along with a formal employee training management policy, to build a learning organisation. Through a variety of methods, including external training, on-the-job learning, short-term courses, expert-led sessions, and lectures by industry veterans, employees’ professional skills are enhanced and their potential stimulated. At the same time, the Company focuses on updating the knowledge base of existing staff, achieving an annual employee training participation rate of 100%, and significantly enhancing employees’ operational skills and management capabilities.

## Professional Title and Vocational Skills Development Tracks for Company Employees

### Professional Title Development Track

- Employees with strong comprehensive abilities are actively encouraged to participate in professional title evaluations. Following the promotion pathway from Technician, Assistant Engineer, Engineer, Senior Engineer (Associate), to Senior Engineer (Principal), employees progressively advance their professional titles, with the Company providing corresponding benefits at each level.

### Vocational Skills Development Track

- Employees with substantial practical experience are encouraged to participate in vocational skill assessments recognised by the national Ministry of Human Resources and Social Security. Since 2021, the Company has conducted self-assessment of skill levels, which are approved and validated by the Ministry. Employees participating in these assessments advance along the skill progression pathway—from Apprentice, Junior Worker, Intermediate Worker, Senior Worker, Technician, Senior Technician, Special Technician, to Chief Technician—with the Company providing corresponding benefits aligned with their skill level.

To enhance overall employee competence and job-related skills, and to stimulate motivation and creativity across the workforce, the Human Resources Department develops the Company’s annual training plan based on the training needs of each department. Training is delivered in two forms: company-wide training and department-specific training.

- Company-wide training is designed for all employees and focuses primarily on system development. The content is divided into four main categories: Quality Management, Environmental Safety, Product Processes, and Other topics.

- Department-specific training focuses on professional skills and aims to enhance employees’ specialised knowledge. Based on strategic objectives and development needs, it covers areas such as non-destructive testing, visual quality inspection, metrology equipment management, mechanical inspection, safety management, operational procedures for three-drawer products, pipe rolling processes, oil casing thread processing, and knowledge of the Company’s products.



Case

### Shandong Molong Organises Job Skills Examination

On 2 August 2025, Shandong Molong organised a management capability and job skills examination for 380 managerial staff. The exam covered multiple dimensions, including job knowledge, company management systems, technical R&D, and relevant laws and regulations. It provided a comprehensive assessment of managers’ knowledge reserves and professional competence, with the results serving as an important basis for the Company’s scientific talent selection and appropriate appointment decisions.



## ■ Metrics and Goals

Disclosure Items		Unit	2025
Employee Training Investment		RMB 10,000	15
Number of Training Sessions		sessions	26
Total Number of Employees Trained		persons	1,268
By Gender	Male Employees Trained	persons	919
	Female Employees Trained	persons	349
Frontline Staff Trained		persons	1,198
By Employee Category	Middle Management Trained	persons	56
	Senior Management Trained	persons	8
Employee Training Coverage Rate		%	100

## ◎ Comprehensive Employee Benefits

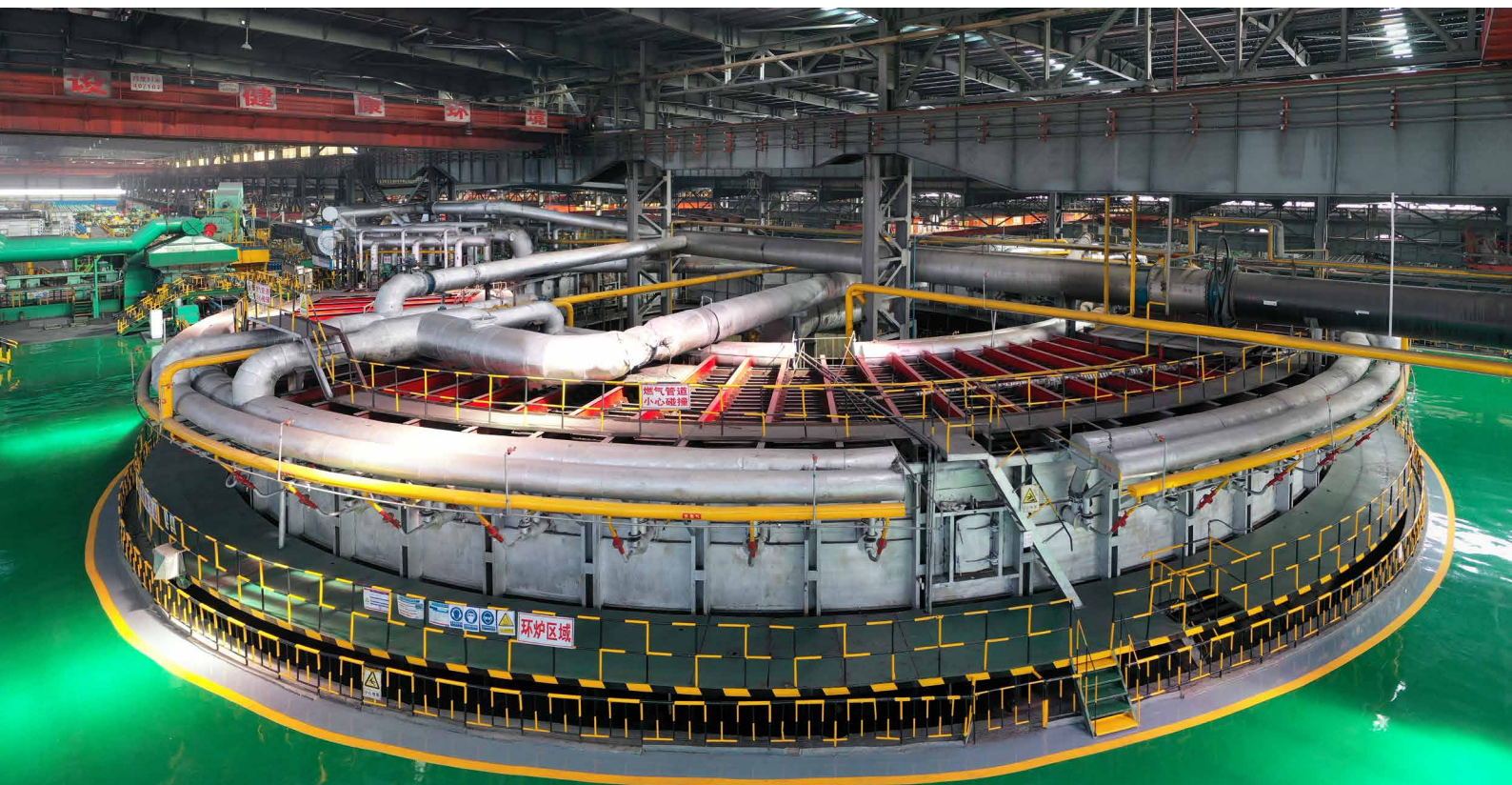
Shandong Molong provides a diversified range of employee benefits and continuously strengthens its welfare system to offer comprehensive care and protection. The Company is committed to building a well-rounded and thoughtful benefits programme, encompassing social insurance and housing fund contributions, living and seniority allowances, professional title and skill-based rewards, and recognition for outstanding performance. Flexible leave arrangements are implemented, with attention to occupational health through regular medical check-ups and provision of necessary personal protective equipment. Festive benefits are varied and abundant, including special summer care measures, and welfare policies extend to employees' families. In addition, the Company provides well-equipped recreational facilities and organises a variety of cultural and sports activities, fostering a harmonious work environment. Special care is given to female employees, retirees, and employees facing difficulties, thereby enhancing the Company's cohesion and sense of belonging.

- Social insurance and housing fund contributions are provided from the start of employment.
- Living allowance: RMB 200/month after six months of employment.
- Seniority allowance: an additional RMB 40/month for each full year of service.
- Professional title allowance: Assistant Engineer RMB 300/month, Engineer RMB 1,000/month, Senior Engineer RMB 2,000/month.
- Skill allowance: Technician RMB 200/month, Senior Technician RMB 500/month.
- Outstanding performance reward: Management suggestions and minor improvement awards are granted on a quarterly basis; employees who have made contributions to market development and certifications are rewarded on a monthly basis; and employees who have made significant contributions to the Company are commended and rewarded in a timely manner.
- Office staff work a five-day week with weekends off; frontline production staff have four days off per month, with flexible compensatory leave.

- A free occupational health check-up is provided once a year.
- Two sets of work uniforms are provided annually, and personal protective equipment is distributed regularly every month.
- During festivals such as the Mid-Autumn Festival and Chinese New Year, employees receive shopping vouchers or equivalent gifts.
- In summer, frontline employees are given cooling benefits such as drinks, ice cream, tea, and pickles; birthday cakes are also provided to the parents of middle management staff.
- The Company offers collective dining facilities, dormitories, and recreational amenities including a library, gym, billiards room, and table tennis room, all equipped with central air-conditioning. Various cultural and sports activities, such as basketball and table tennis tournaments, are organised periodically.

## Engaging in Public Welfare, Spreading Corporate Care

Shandong Molong has long been committed to fulfilling its social responsibilities, adhering to its founding mission and integrating social value creation into its long-term development strategy. The Company actively participates in public welfare and charitable initiatives, taking a proactive role in various community support and care activities. By demonstrating practical responsibility, Shandong Molong seeks to give back to society within its capacity, conveying corporate warmth and continuously supporting the stable development of social welfare initiatives. During the reporting period, the Company issued calls for action and organised employees to participate in voluntary blood donation campaigns, putting social responsibility into practice and highlighting the Company's commitment to societal well-being.



## Key Performance Indicator

### ◎ Governance Performance

Disclosure Indicator		Unit	2024	2025
Corporate Governance	General Meetings of Shareholders Held	times	6	3
	Board Meetings Held	times	14	13
	Number of Audit Committee Meetings Convened	times	9	7
	Number of Nomination Committee Meetings Convened	times	5	1
	Number of Strategy Committee Meetings Convened	times	4	2
	Number of Remuneration and Appraisal Committee Meetings Convened	times	1	1
	Proportion of Independent Directors	%	33.33	33.33
	Proportion of Female Directors	%	11.11	11.11
	Attendance Rate at General Meetings of Shareholders and Board Meetings	%	100.00	100.00
	Proportion of Female Senior Management	%	/	12.50
	Proportion of Independent Directors with Tenures Exceeding Six Years	%	0.00	0.00
	Proportion of Independent Directors Serving on More Than Three Listed Companies	%	0.00	0.00
	Number of Directors Attending Fewer Than 75% of Meetings	persons	0	0
	Proportion of Independent Directors on the Audit Committee	%	100.00	100.00
Proportion of Independent Directors on the Remuneration Committee	%	100.00	100.00	
Proportion of Independent Directors on the Nomination Committee	%	75.00	75.00	
Anti-corruption	Number of Corruption Cases Filed and Concluded by Regulatory Authorities Against the Issuer or Its Employees	cases	0	0
	Number of Anti-corruption and Anti-bribery Reports	times	0	0
	Total Hours of Anti-corruption and Anti-bribery Training Received by Employees	hours	4	4
	Total number of personnel receiving anti-bribery and anti-corruption training	persons	152	184

Disclosure Indicator		Unit	2024	2025	
Anti-corruption	Among them:	Management Level	persons	46	59
		Employees	persons	106	125
	Coverage Rate of Business Ethics/Anti-bribery and Anti-corruption Training		%	13.74	14.06
	Among them:	Management Level	%	100.00	100.00
		Employees	%	10.00	10.00
	Number of Employees Violating Anti-bribery and Anti-corruption Policies		persons	0	0
	Number of Management Personnel Violating Anti-bribery and Anti-corruption Policies		persons	0	0
Percentage of Directors Receiving Anti-corruption and Anti-bribery Training		%	100.00	100.00	
Anti-unfair competition	Amount Involved in Litigation or Major Administrative Penalties Arising from the Company's Unfair Competition Practices During the Reporting Period		RMB 10,000	0.00	0.00
	Number of Major Litigation Cases		cases	0	0
	Number of Arbitration Cases		cases	0	0
	Number of Regulatory Penalties		times	0	0
	Total Amount of Regulatory Penalties		RMB 10,000	0.00	0.00

## ① Environmental Performance

Disclosure Indicator		Unit	2024	2025
Waste Generation	Total Solid Waste Generated	t	21,431.76	35,105.35
	Non-hazardous Solid Waste Generated	t	21,420.47	35,079.12
	Hazardous Solid Waste Generated	t	11.29	26.23
	Proportion of Recycled Waste	%	/	99.93
	Hazardous Waste Generated per Million Revenue	t	/	0.01
	Non-hazardous Waste Generated per Million Revenue	t	/	19.91

Disclosure Indicator		Unit	2024	2025
Water Pollutant Emissions	Total Industrial Wastewater	m <sup>3</sup>	0.00	0.00
	Total Domestic Wastewater	m <sup>3</sup>	7,217.20	19,800.00
	Chemical Oxygen Demand (COD)	mg/L	26.00	285.00
	Biochemical Oxygen Demand (BOD)	mg/L	9.70	121.88
	Ammonia Nitrogen (NH <sub>3</sub> -N)	mg/L	1.88	3.95
	Total Nitrogen (TN)	mg/L	15.30	19.18
	Total Phosphorus (TP)	mg/L	1.23	1.81
Air Pollutant Emissions	Total Exhaust Emissions	m <sup>3</sup>	1,248,901,104.00	1,715,230,126.00
	Particulate Matter	kg	2,040.00	3,236.38
	Sulphur Oxides	kg	2,591.00	2,381.45
	Nitrogen Oxides	kg	23,819.00	34,850.91
	Volatile Organic Compounds	kg	377.00	911.24
	Hydrogen Chloride	kg	453.98	83.28
Climate Change Response	Total GHG Emissions <sup>1</sup>	tCO <sub>2</sub> e	/	201,716.59
	Scope 1 GHG Emissions	tCO <sub>2</sub> e	/	154,595.90
	Scope 2 GHG Emissions	tCO <sub>2</sub> e	/	47,120.69

<sup>1</sup> Note: The Company's Scope 1 greenhouse gas (GHG) emissions primarily arise from the consumption of natural resources and energy in its operations, including diesel, petrol, natural gas, liquefied petroleum gas, acetylene, and propane. The Company's Scope 2 GHG emissions mainly arise from purchased electricity and purchased heat. Due to the complexity of the Company's industrial chain involving multiple projects, the Company has not yet carried out performance statistics for Scope 3 GHG emissions. Efforts to progressively improve related work will be undertaken in the future.

Disclosure Indicator		Unit	2024	2025
Water Resource Usage	Water Withdrawal Volume	t	26,372.20	29,311.00
	Total Water Consumption	t	26,372.20	29,311.00
	Municipal Water Purchased	t	12,353.00	20,703.00
	Groundwater Used	t	14,019.20	8,608.00
	Total Volume of Reused Water	t	18,931.00	19,697.00
	Proportion of Reused Water Consumption	%	100.00	100.00
	Water Consumption per RMB Million Revenue	t	/	16.64
Energy Consumption	Comprehensive Energy Consumption	tce	30,969.81	46,245.59
	Diesel	t	25.79	91.00
	Petrol	L	/	29,468.56
	Natural Gas	10,000 m <sup>3</sup>	2,002.22	3,131.67
	Acetylene	kg	/	5,844.80
	Electricity	10,000 kWh	7,135.84	9,432.48
Environmental Protection Investment	Environmental Protection Investment	RMB 10,000	429.25	750.79
Environmental Compliance	Investment in Environmental Compliance Management	RMB 10,000	174.79	406.88
	Proportion of Environmental Compliance Management Investment to Operating Revenue	%	/	0.23
	Major Administrative Penalties Imposed by Environmental Authorities Due to Environmental Incidents	RMB 10,000	0.00	0.00
Environmental Training		persons	624	999
	Total Training Hours on Environmental Protection Received by Employees	hours	800	11,988
		hours	53.18	12.00

## ◎ Social Performance

Disclosure Indicator		Unit	2024	2025
Data Security and Customer Privacy	Information Security Audit Frequency	times	1	1
	Financial Impact of Data Security Incidents	RMB 10,000	0	0
	Financial Impact of Customer Privacy Breach Incidents	RMB 10,000	0	0
	Data Security and Privacy Training Sessions	times	1	1
	Number of Employees Covered by Data Security and Privacy Training	persons	51	30
Innovation and R&D	R&D Investment	RMB	27,102,935	45,080,295
	Proportion of R&D Investment to Operating Revenue	%	2.00	2.56
	Number of R&D Staff	persons	162	148
	Proportion of R&D Personnel	%	12.24	11.67
	Total Number of Patents	patents	43	50
	Number of New Patent Applications	patents	8	27
	Number of New Patent Grants	patents	5	12
	Number of Invention Patents Applied to Main Business	patents	10	11
	Number of Invention Patent Applications During the Reporting Period	patents	1	2
	Number of Invention Patent Grants During the Reporting Period	patents	1	1
	Total Number of Valid Patents	patents	/	50
Number of Valid Trademarks	trademarks	17	17	
Occupational Health and Safety	Number of Employees in Occupations with Occupational Disease Risks	persons	1,068	764
	Number of Employees Receiving Occupational Health Examinations	persons	1,068	764
	Number of Employees Diagnosed with Occupational Diseases	persons	1	0
	Occupational Disease Incidence Rate	%	/	0
	Number of Employees Participating in Health Examinations	persons	1,223	764
	Proportion of Employees Participating in Health Examinations	%	91.30	60.25

Disclosure Indicator		Unit	2024	2025
Work Safety	Investment in Work Safety	RMB	7,063,751.59	7,739,267.07
	Proportion of Work Safety Investment to Operating Revenue	%	/	0.44
	Employee Work Injury Insurance Contribution	RMB 10,000	44	57
	Number of Work Safety Accidents	cases	8	2
	Employee Work Injury Insurance Coverage	%	100.00	100.00
	Amount invested in work safety liability insurance	RMB 10,000	/	0
	Coverage rate of personnel under work safety liability insurance	%	/	0.00
	Number of Work-related Injuries	cases	8	2
	Work-related Injury Rate	%	/	0.16
	Injury Rate per Million Work Hours	%	/	0.64
	Number of Employees Injured	persons	8	2
	Lost Workdays Due to Work Injuries	days	479.5	80
	Number of Fatal Work Accidents	cases	0	0
	Number of Fatalities from Work Accidents	persons	0	0
	Number of Work-related Deaths per RMB 100 Million Revenue	persons	0	0
	Number of Employees Receiving Safety Training	persons	1,339	1,261
	Total Hours of Employee Safety Training	hours	49,685	46,946
	Average Safety Training Hours per Employee	hours	37.11	37.23
	Contractors: Number of Employees Injured	persons	0	0
	Contractors: Number of Fatalities from Work Accidents	persons	0	0
	Employee Training Investment	RMB 10,000	/	15
Number of Training Sessions	sessions	/	26	

Disclosure Indicator		Unit	2024	2025	
Employee Career Development	Total Number of Employees Trained		persons	1,339	1,268
	By Gender	Male Employees Trained	persons	953	919
		Female Employees Trained	persons	386	349
	By Employee Category	Frontline Staff Trained	persons	1,285	1,198
		Middle Management Trained	persons	47	56
		Senior Management Trained	persons	7	8
	Employee Training Coverage Rate		%	/	100.00
	Total Training Hours Received		hours	480	480
	By Employee Category	Total Training Hours for Frontline Employees	hours	120	120
		Total Training Hours for Middle Management Employees	hours	72	72
		Total Training Hours for Senior Management Employees	hours	48	48
	Average Employee Training Hours		hours	/	117.00
	Employee Training Investment per RMB Million Revenue		RMB 10,000	/	0.01
Total Number of Employees Undergoing Performance Appraisal or Career Development Assessment		persons	1,339	1,274	
Employee Data	Total Employees		persons	1,339	1,268
	By Gender	Male	persons	953	919
		Female	persons	386	349
	By Employment Type	Labour Contract	persons	1,339	1,268
	By Age	Over 50	persons	250	252
		30 to 50	persons	963	902
Under 30		persons	126	114	

Disclosure Indicator		Unit	2024	2025
By Education	Bachelor's degree or above	persons	144	121
	College Diploma	persons	270	271
	Below College	persons	925	876
By Employee Category	Total Frontline Staff	persons	1,285	1,198
	Total Middle Management	persons	47	56
	Female Middle Management	persons	4	5
	Total Senior Management	persons	7	8
	Female Senior Management	persons	1	1
By Professional Category	Production Staff	persons	1,068	1,004
	Technical Staff	persons	19	22
	Sales Staff	persons	48	48
	Finance Staff	persons	22	20
	Management Staff	persons	182	174
Number of Employees with Disabilities		persons	25	28
Number of Ethnic Minority Employees		persons	/	0
Number of Retired Military Personnel Reintegrated into the Workforce		persons	25	22
Number of New Hires		persons	33	80
Employee Turnover Rate		%	/	0.75
Number of Locally Hired Employees		persons	1,332	1,238
Number of Employees Assisted Due to Difficulties		persons	3	4
Investment in Assistance to Employees Facing Difficulties per RMB Million Revenue		persons	/	0.0023
Social Insurance Coverage Rate		%	/	100.00

Disclosure Indicator		Unit	2024	2025	
Supply Chain Management	Total Number of Suppliers	suppliers	253	267	
	By Geographical Region	Mainland China Suppliers	suppliers	253	267
		Hong Kong, Macau, Taiwan, and Overseas Suppliers	suppliers	0	0
	Percentage of Suppliers Who Have Signed the Supplier Code of Conduct	%	100.00	100.00	
	Number of Suppliers Identified as Having Actual or Potential Significant Negative Social Impacts	suppliers	0	0	
	Number of Suppliers Identified as Having Actual or Potential Significant Negative Environmental Impacts	suppliers	0	0	
	New Suppliers Screened Using Environmental Standards	suppliers	31	47	
Customer Service	Number of Product-related Complaints Received	times	48	36	
	Number of Product Recall Incidents	incidents	0	0	
	Amount Involved in Major Safety and Quality Liability Incidents Related to Products and Services During the Reporting Period	RMB	0	0	
	Business Coverage of Quality Management System Certification	%	100.00	100.00	
	Proportion of Sold or Delivered Products Recalled due to Safety and Health Issues	%	0.00	0.00	
	Number of Service-related Complaints Received	times	0	0	
	Number of Resolved Customer Complaints	times	48	36	
	Customer Satisfaction Survey Results	%	98.48	97.94	
	Follow-up Satisfaction Survey Results for Complaints Received	%	100	100	

## Index Table

### ◎ Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Dimension	No.	Topic	Corresponding Clause	Corresponding Chapter
Environment	1	Climate Change Response	Articles 21–28	Addressing Climate Change, Promoting Low-carbon Transition
	2	Pollutant Emissions	Article 30	Regulating Emissions Management, Reducing Environmental Impact
	3	Waste Treatment	Article 31	Regulating Emissions Management, Reducing Environmental Impact
	4	Ecosystem and Biodiversity Protection	Article 32	/
	5	Environmental Compliance Management	Article 33	Strengthening Environmental Compliance, Fulfilling Green Responsibilities
	6	Energy Utilisation	Article 35	Optimising Energy Management, Improving Utilisation Efficiency
	7	Water Resource Utilisation	Article 36	Strengthening Resource Management, Promoting Circular Utilisation
	8	Circular Economy	Article 37	Strengthening Resource Management, Promoting Circular Utilisation
Social	9	Rural Revitalisation	Article 39	/
	10	Social Contribution	Article 40	Engaging in Public Welfare, Spreading Corporate Care
	11	Innovation-driven	Article 42	Focusing on S&T Innovation, Enhancing Core Competence
	12	S&T Ethics	Article 43	Focusing on S&T Innovation, Enhancing Core Competence
	13	Supply Chain Security	Article 45	Deepening Win-win Cooperation, Building a Responsible Supply Chain
	14	Equal Treatment of Small and Medium-sized Enterprises	Article 46	Deepening Win-win Cooperation, Building a Responsible Supply Chain
	15	Safety and Quality of Product and Service	Article 47	Focusing on S&T Innovation, Enhancing Core Competence Deepening Win-win Cooperation, Building a Responsible Supply Chain
	16	Data Security and Customer Privacy Protection	Article 48	Focusing on S&T Innovation, Enhancing Core Competence
	17	Employees	Article 50	Fulfilling Safety Responsibilities, Safeguarding Occupational Health Upholding the People-centred Approach, Safeguarding Employee Rights and Interests
Corporate Governance	18	Due Diligence	Article 52	ESG Governance
	19	Stakeholder Communication	Article 53	ESG Governance
	20	Anti-bribery and Anti-corruption	Article 55	Upholding Business Ethics, Maintaining the Integrity Baseline
	21	Anti-unfair Competition	Article 56	Upholding Business Ethics, Maintaining the Integrity Baseline

## ◎ Index of Indicators under Environmental, Social and Governance Reporting Code of Stock Exchange of Hong Kong

Mandatory Disclosure	Mandatory Disclosure Requirements	Corresponding Chapter
Governance Structure	<p>A statement from the Board containing the following elements:</p> <p>(i) a disclosure of the Board's oversight of ESG issues;</p> <p>(ii) the Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</p> <p>(iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</p>	Board Statement ESG Governance
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to statistical methods or key performance indicators (if any), or any other relevant factors affecting meaningful comparison.</p>	About the Report
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	About the Report

Subject Area	Aspect	"Comply or Explain" Provisions	Corresponding Chapter
		<p>General Disclosure</p> <p>Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Regulating Emissions Management, Reducing Environmental Impact

Subject Area	Aspect	“Comply or Explain” Provisions		Corresponding Chapter
Environment	Aspect A1: Emissions	KPI A1.1	The types of emissions and respective emissions data.	Key Performance Indicator
		KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (per unit of production volume, per time period).	Key Performance Indicator
		KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (per unit of production volume, per time period).	Key Performance Indicator
		KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	The Company has not yet established relevant goals and will further plan and formulate such goals and corresponding measures in due course.
		KPI 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.	Regulating Emissions Management, Reducing Environmental Impact
	Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		Strengthening Resource Management, Promoting Circular Utilisation
		KPI 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).	Key Performance Indicator
		KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Indicator
		KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Optimising Energy Management, Improving Utilisation Efficiency
		KPI 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.	The Company has not yet established relevant goals and will further plan and formulate such goals and corresponding measures in due course.

Subject Area	Aspect	“Comply or Explain” Provisions		Corresponding Chapter	
		KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. The Company is a non-manufacturing enterprise and does not involve the use of packaging materials.	
	A3: Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impacts on the environment and natural resources.		Strengthening Environmental Compliance, Fulfilling Green Responsibilities	
		KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Strengthening Environmental Compliance, Fulfilling Green Responsibilities	
Social	Employment and Labour Practices	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.		Upholding the People-centred Approach, Safeguarding Employee Rights and Interests	
		Aspect B1: Employment	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Indicator
			KPI B1.2	Employee turnover rate by gender, age group and geographical region.	The Company has disclosed its employee turnover rate and will continue to improve the collection and compilation of relevant data going forward.
		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.		Fulfilling Safety Responsibilities, Safeguarding Occupational Health	
		Aspect B2: Health and Safety	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Indicator
			KPI B2.2	Number of workdays lost due to work-related injuries	Key Performance Indicator
	KPI B2.3		Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Fulfilling Safety Responsibilities, Safeguarding Occupational Health	

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter	
	Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding the People-centred Approach, Safeguarding Employee Rights and Interests	
		KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Indicator
		KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicator
	B4: Labour Standards	General Disclosure Information on: (1) The policies; and (2) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Upholding the People-centred Approach, Safeguarding Employee Rights and Interests	
		KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Upholding the People-centred Approach, Safeguarding Employee Rights and Interests
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding the People-centred Approach, Safeguarding Employee Rights and Interests
	Operating Practices	General Disclosure Policies on managing environmental and social risks in the supply chain	Deepening Win-win Cooperation, Building a Responsible Supply Chain	
		KPI B5.1	Number of suppliers by geographical region	Key Performance Indicator
		KPI 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.	Deepening Win-win Cooperation, Building a Responsible Supply Chain
		KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Deepening Win-win Cooperation, Building a Responsible Supply Chain
KPI B5.4		Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Deepening Win-win Cooperation, Building a Responsible Supply Chain	

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
	Aspect B6: Product Responsibility	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.	Focusing on S&T Innovation, Enhancing Core Competence
		KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Key Performance Indicator
		KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Deepening Win-win Cooperation, Building a Responsible Supply Chain
		KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Focusing on S&T Innovation, Enhancing Core Competence
		KPI B6.4 Description of quality assurance process and recall procedures.	Focusing on S&T Innovation, Enhancing Core Competence
		KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Focusing on S&T Innovation, Enhancing Core Competence
	Aspect B7: Anti-corruption	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.	Focusing on S&T Innovation, Enhancing Core Competence
		KPI 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.	Key Performance Indicator
		KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Focusing on S&T Innovation, Enhancing Core Competence
		KPI B7.3 Description of anti-corruption training provided to directors and staff.	Focusing on S&T Innovation, Enhancing Core Competence

Subject Area	Aspect	“Comply or Explain” Provisions		Corresponding Chapter
Communities	Aspect B8: Community Investment	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.		Engaging in Public Welfare, Spreading Corporate Care
		KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Not involved
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Not involved
Climate-related Disclosures	Governance	<p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> <li>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</li> <li>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</li> <li>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</li> <li>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</li> </ul> <p>(b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> <li>(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</li> <li>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</li> </ul>		Addressing Climate Change, Promoting Low-carbon Transition
		Climate-related risks and opportunities	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: <ul style="list-style-type: none"> <li>(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term;</li> </ul>	Addressing Climate Change, Promoting Low-carbon Transition

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
		<p>(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	
	Business model and value chain	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose:</p> <p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and</p> <p>(b) a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Addressing Climate Change, Promoting Low-carbon Transition
	Strategy and decision-making	<p>The issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <p>(i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;</p> <p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p> <p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and</p> <p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	Addressing Climate Change, Promoting Low-carbon Transition
		<p>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	Addressing Climate Change, Promoting Low-carbon Transition

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
	Financial position, financial performance and cash flows	<p>Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	Addressing Climate Change, Promoting Low-carbon Transition
		<p>Anticipated financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans; and</p> <p>(ii) its planned sources of funding to implement its strategy; and</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	Addressing Climate Change, Promoting Low-carbon Transition
	Climate resilience	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer’s circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <p>(i) the implications, if any, of the issuer’s assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</p> <p>(ii) the significant areas of uncertainty considered in the issuer’s assessment of its climate resilience; and</p> <p>(iii) the issuer’s capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</p> <p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <p>(1) which climate-related scenarios the issuer used for</p>	Addressing Climate Change, Promoting Low-carbon Transition

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
		<p>the analysis and the sources of such scenarios;</p> <p>(2) whether the analysis included a diverse range of climate-related scenarios;</p> <p>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</p> <p>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</p> <p>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</p> <p>(6) time horizons the issuer used in the analysis; and</p> <p>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</p> <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	
	Risk Management	<p>An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <p>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;</p> <p>(v) how the issuer monitors climate-related risks; and</p> <p>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.</p>	Addressing Climate Change, Promoting Low-carbon Transition

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
Metrics and Targets	Greenhouse Gas Emissions	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO<sub>2</sub> equivalent, classified as:</p> <p>(a) Scope 1 greenhouse gas emissions;</p> <p>(b) Scope 2 greenhouse gas emissions; and</p> <p>(c) Scope 3 greenhouse gas emissions.</p>	Key Performance Indicator
		<p>An issuer shall:</p> <p>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p> <p>(b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</p> <p>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</p> <p>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>	Key Performance Indicator
	Climate-related transition risks	<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	The Company has not yet quantified the amount and percentage of assets or business activities vulnerable to climate-related transition risks
	Climate-related physical risks	<p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	The Company has not yet quantified the amount and percentage of assets or business activities vulnerable to climate-related physical risks
Climate-related opportunities	<p>An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	The Company has not yet quantified the amount and percentage of assets or business activities vulnerable to climate-related opportunities	

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
	Capital deployment	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	The Company has not yet compiled statistics on the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities
	Internal carbon prices	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	The Company has not yet applied carbon price in its decision-making
	Remuneration	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate-related considerations have not yet been incorporated into the Company’s remuneration policy
	Industry-based metrics	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Not applicable
	Climate-related targets	The issuer shall disclose: (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.	Addressing Climate Change, Promoting Low-carbon Transition
	Climate-related targets	For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Not involved

Subject Area	Aspect	“Comply or Explain” Provisions	Corresponding Chapter
		<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> <li>(a) whether the target and the methodology for setting the target has been validated by a third party;</li> <li>(b) the issuer’s processes for reviewing the target;</li> <li>(c) the metrics used to monitor progress towards reaching the target; and</li> <li>(d) any revisions to the target and an explanation for those revisions.</li> </ul>	Not involved
		<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer’s performance.</p>	Not involved
		<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> <li>(a) which greenhouse gases are covered by the target;</li> <li>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;</li> <li>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target.</li> </ul> <p>If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;</p> <ul style="list-style-type: none"> <li>(d) whether the target was derived using a sectoral decarbonisation approach; and</li> <li>(e) the issuer’s planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> <li>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;</li> <li>(ii) which third-party scheme(s) will verify or certify the carbon credits;</li> <li>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and</li> <li>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).</li> </ul> </li> </ul>	Not involved

# Feedback Form

Dear reader,

Greetings!

We sincerely appreciate you taking the time to read the Shandong Molong 2025 Environmental, Social and Corporate Governance Report. In order to provide you and other stakeholders with more valuable information, and to effectively support the Company in enhancing its capabilities and performance in environmental, social, and corporate governance matters, we genuinely welcome your opinions and suggestions.

Multiple Choice Questions (Please tick the appropriate box)

1.How would you rate the overall quality of this Report?

Excellent       Good       Average       Below average       Poor

2.How do you evaluate the Report's response to and disclosure of issues of concern to stakeholders?

Excellent       Good       Average       Below average       Poor

3.How do you assess Shandong Molong's performance in economic responsibilities?

Excellent       Good       Average       Below average       Poor

4.How do you assess Shandong Molong's performance in environmental responsibilities?

Excellent       Good       Average       Below average       Poor

5.How do you assess Shandong Molong's performance in safety management?

Excellent       Good       Average       Below average       Poor

6.How do you assess Shandong Molong's performance in employee responsibilities?

Excellent       Good       Average       Below average       Poor

7.How do you assess Shandong Molong's performance in community responsibilities?

Excellent       Good       Average       Below average       Poor

8.Are the information, indicators, and data disclosed in the Report clear, accurate, and complete?

Excellent       Good       Average       Below average       Poor

9.Do you find the Report's content arrangement and layout design convenient for reading?

Excellent       Good       Average       Below average       Poor

## Open-ended Question

Do you have any comments or suggestions regarding Shandong Molong's fulfilment of social responsibilities and this Report?

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