# Hilong Holding Limited*

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1623
*For identification purpose only

# 2025 Environmental, Social and Governance Report

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## About the Report

Hilong Holding Limited (the "Company") (Stock Code: 1623) hereby presents the Environmental, Social and Governance Report 2025 ("the Report") of the Company and its subsidiaries (collectively, the "Group", "Hilong" or "We"). The Report demonstrates the concepts and practices of the Group in Environmental, Social and Governance (ESG) areas to its stakeholders.

## Reporting Scope

The Report primarily includes the Company and its subsidiaries. The reporting period is from January 1, 2025 to December 31, 2025 ("the Reporting Period"). The Key Performance Indicators ("KPIs") in environmental areas and social areas disclosed in the Report cover all businesses in China directly managed by the Group, including Shanghai Hilong Drill Pipe Co., Ltd. ("Shanghai Drill Pipe"), Hilong Petroleum Drill Pipe (Wuxi) Co., Ltd. ("Wuxi Hilong"), Chenxing Oil Hi-tech (Tianjin) Co., Ltd ("Chenxing Oil Hi-tech (Tianjin)"), and HeTech Equipment (Tianjin) Co., Ltd. ("HeTech Equipment (Tianjin)").

## Reporting Principles

The Report is prepared according to the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Report complies with reporting principles below:

- "Materiality": The Group identifies and determines material ESG issues through stakeholder engagement and materiality assessment which have been disclosed in the Report.
- "Quantitative": The standards, methods and sources of emission factors used in reporting emissions and energy consumption have been disclosed.
- "Balance": The Report provides an unbiased picture of the Group's environmental and social performance.
- "Consistency": The methodology and KPIs are consistent with previous years.

## Report Terminology

In this report, the major subsidiaries of the Group include:

- Shanghai Hilong Drill Pipe Co., Ltd. (“Shanghai Drill Pipe”)
- Hilong Petroleum Drill Pipe (Wuxi) Co., Ltd. ("Wuxi Hilong")
- Chenxing Oil Hi-tech (Tianjin) Co., Ltd ("Chenxing Oil Hi-tech (Tianjin)")
- HeTech Equipment (Tianjin) Co., Ltd. ("HeTech Equipment (Tianjin)").

## Report Availability

The report is available in electronic version which can be viewed on the website of the Company (www.hilonggroup.com) and the HKEX news website (www.hkexnews.hk).

## Contact Information

Hilong Holding Limited
Headquarters: No.1825, Luodong Road, Baoshan Industrial Zone, Shanghai, PRC
Postcode: 200949
Tel: +8621-33851886
Fax: +8621-33851886

Principal Place of Business in Hong Kong
Address: Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Postcode: 999077
Tel: +852-29801383
Fax: +852-22627729

**About Hilong: Cultivation Leading to Expansion**

Hilong Group of Companies (Hilong Holding Limited (01623.HK), has been listed on the HKEX since 2011. The Group, as a large listed entity, is a manufacturer of high-end oilfield equipment and a provider of comprehensive oilfield technical service. Established in 2002 and headquartered in Shanghai, the Group has established production bases and business branches in more than 40 countries and regions around the world as at the end of the Reporting Period.

Hilong integrates scientific research, production and service, and continues to provide high-quality, high-tech and differentiated products and integrated services. Since our establishment, Hilong has undertaken horizontal development in drilling, exploitation, and transportation of oil and natural gas, as well as vertical development via industrial chains. The Group has established three core businesses: oil equipment, oil service and offshore engineering. With our three major businesses operating in synergy, we continue to innovate and have had a unique industrial chain and industrial advantages, providing high-end products and comprehensive services for internationally famous energy and oil service enterprises.

| Oil Equipment | Oil Service | Offshore Engineering |
|---|---|---|
| Drilling Tools | Integrated Technology Service & Turnkey Services | Engineering Technology Center |
| Others | Integrated Oilfield Development Service | Offshore Installation Center |
| | Environment Protection of Oilfield | Engineering Construction Center |
| | Automatic Drilling | Intelligent Control Technology Center |
| | Investment & Cooperation | Information Technology Services |

After years of cultivation, the Group has established a complete sales and service network around the world. In China, the Group has established a long-term and strong strategic partnership with leading oil companies such as China National Petroleum Corporation ("CNPC"), China Petrochemical Corporation ("SINOPEC"), and China National Offshore Oil Corporation ("CNOOC"), etc. In terms of the international market, we provide high-end products and comprehensive services for internationally famous energy and oil service enterprises, such as Royal Dutch Shell, British Petroleum Corporation, Schlumberger, Weatherford, ConocoPhillips, Petro Ecuador, etc. As at the end of the Reporting Period, the Group's products and services have been sold to China, Southeast Asia, South Asia, Central Asia, the Middle East, Africa, North America, South America, and other countries and regions.

Based on the transformation strategy of "Becoming a World-leading Integrated Oil Equipment and Services Provider", the Group has developed a medium-to-long-term digital transformation plan orientated towards technological innovation, the new model of "Product + Service", efficient business management, lean manufacturing operations and data-driven decision-making. The purpose is to enhance Hilong's core business capability and improve its management efficiency, thus fueling long-term, high-quality development and forming a sustainable enterprise with full perception, full connectivity, full scene and full intelligence.




**Domestic market map of Hilong**



**Global market map of Hilong**

Adhering to the corporate culture of "Openness, Inclusiveness, Unity", and inheriting the Hilong spirit of "Passion, Dedication, Loyalty", Hilong will consider technological innovation and internationalization as the core development strategy, and strives to become an internationally competitive oilfield equipment and services provider, continuing to create maximized value for global customers.

## 1. ESG Governance

A robust ESG governance is the foundation for Hilong to achieve sustainable development. To this end, we have established a comprehensive and effective ESG management structure and are actively implementing ESG management from top to down. Beyond that, we attach great importance to communication with internal and external stakeholders, including government and regulators, shareholders, customers, employees, and business partners. Through regular communication, ESG materiality assessment, etc., we have gained an in-depth understanding of their requirements and expectations for Hilong's ESG governance, which allows us to incorporate ESG considerations into the scope of our assessment when developing pertinent goals, policies, and strategies.

### 1.1 ESG Management Structure

The Group has incorporated ESG governance into its governance and has established a three-tier ESG governance structure, which consists of the Board of Directors (the "Board"), the Management, and the ESG Working Group, to assist the Group to fully evaluate ESG risks and opportunities during the work of risk management, policy formulation, and strategic planning, ensuring that the ESG-related risks and opportunities are fully integrated into the Group's business strategy.

**The Board**
**The highest decision-making body of ESG management**

- Develop ESG management approaches and strategies, including evaluating, prioritizing and managing material ESG-related issues (including climate-related risks and opportunities) and their influence on the Group's business
- Regularly review the Group's performance in relation to ESG objectives (including climate-related risks and opportunities), examines and approves disclosures in ESG reports

↑ Regularly report ESG-related progress

**The Management**
**Management level of the ESG governance structure**

- Establish and update ESG-related policies
- Establish ESG goals, approaches, strategies and annual plans
- Assign and monitor the achievement of ESG goals
- Identify material ESG-related issues (including climate-related risks and opportunities), risks and their priorities
- Approve major ESG projects

↑ Regularly report ESG performance

**ESG Working Group**
**Executive level (directly involving department heads)**

- Carry out daily ESG work
- Prepare annual ESG report

| Departments | Business Divisions |
|---|---|
| PR Department, IR Department, Scientific Development Department, EHS Department, HR Department, Investment Department, Audit Department, Digitalization Department, Legal Department, Procurement Department, Corporate Culture Department | Equipment Business Division, Oilfield Service Business Division, Line Pipe Technology Institution, Offshore Engineering Division |

In ensuring that the Group's ESG governance bodies possess the appropriate skills and competencies in overseeing climate-related matters, our directors and management maintain continuous dialogue with external advisors to stay abreast of the latest requirements in climate-related disclosures and regulations.

Although ESG matters(including climate-related aspects) have been incorporated into the Group's corporate governance framework, the continuous changes in ESG regulatory requirements within the operating environment of the Group's operating environment make it difficult at present to establish a set of long-term and stable ESG targets as the basis for evaluating and measuring the remuneration of directors and senior management. Therefore, the Group has not yet incorporated ESG performance indicators into its remuneration policy.

## 1.2 Statement of the Board

The Board of the Group takes overall responsibility for the Group's ESG management matters and reviews ESG-related matters (including climate-related risks and opportunities) at least once a year, including annual ESG performance, establishment of ESG goals and relevant progress, identification and prioritization of material ESG-related issues and risks, etc. The Board attaches great importance to ESG management and report preparation, requiring the ESG report to reflect the Group's key ESG areas and actively respond to the needs of various stakeholders. The Board regularly discusses the latest developments of ESG matters so as to continuously improve the sustainable development of the Group. Looking forward, the Group will continue to adhere to the concept of sustainable development and actively fulfil corporate social responsibility.

### 1.3 Stakeholders Engagement

Highly aware of the importance of communication with stakeholders, Hilong has established effective communication mechanisms to actively respond to their expectations and requirements. Closely working with various stakeholders, we strive to promote the sustainable development of the Group.

| Stakeholders | Expectations and Requirements | Communication Mechanisms |
|---|---|---|
|  Government and Regulators | ● Compliance with laws and regulations<br>● Pay taxes according to law<br>● Support local development | ● Daily management<br>● Meetings<br>● Monitoring and inspection<br>● Policy advice<br>● Case reporting |
|  Shareholders | ● Continued development and return to shareholders<br>● Information disclosure and investor relations<br>● Corporate governance and risk control | ● General meetings<br>● Information disclosure<br>● Activities promoting investor relations |
|  Clients | ● High-quality products<br>● High-quality services before and after sales | ● Signing of contract<br>● Business dealings |
|  Employees | ● Remuneration and benefits<br>● Good work environment and development platforms<br>● Equal opportunities for promotion and development | ● Employee training<br>● Employee activities and employee care<br>● Performance Management<br>● Corporate internal publications<br>● Care for staff health |
|  Media | ● Performance of corporate social responsibility<br>● Having a good knowledge of corporate significant events, activities and initiatives | ● Business interview<br>● Promotion of corporate culture<br>● Theme activities |
|  Partners | ● Keep promises<br>● Equal, open, and fair procurement<br>● Mutual benefit development | ● Negotiation and communication<br>● Supplier assessment and evaluations<br>● Open bidding and tendering<br>● Communication and visitation |
|  Community and Society | ● Promote urban development<br>● Raise public awareness<br>● Promote development of harmonious community | ● Industry-university-institute linkages<br>● Establishment of education base<br>● Community activities |
|  Environment | ● Promote environmental protection<br>● Protect eco-balance | ● Emission under standard thresholds<br>● Energy saving and emission reduction |

## 1.4 ESG Materiality Assessment

In order to understand the stakeholders' concerns about the Group's fulfilment of social responsibility and sustainable development, the Group regularly conducts materiality assessment based on ESG related standards, benchmarking against peers, expert analysis, and questionnaires collected from both internal and external stakeholders. In this way, we identified and evaluated our important material ESG topics. The specific process is as follows:

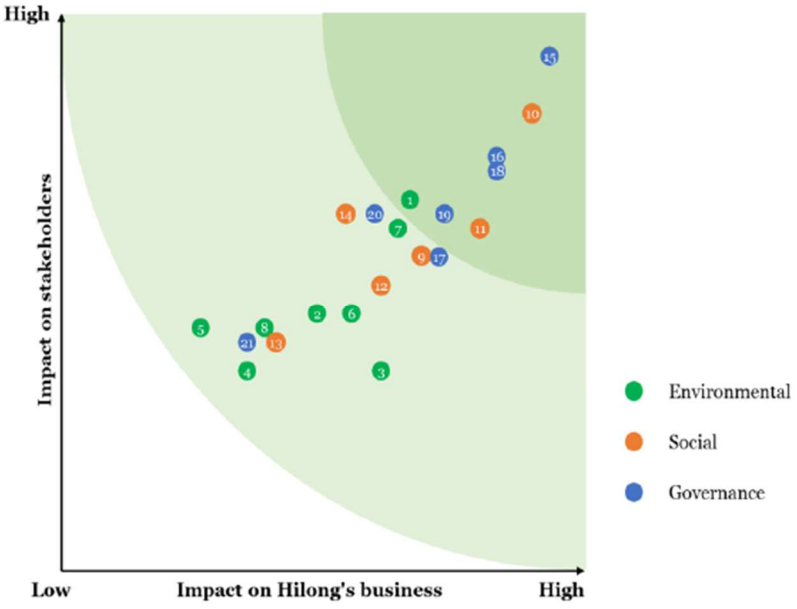
**Step 1 - Identify ESG topics:** Hilong identified ESG topics relevant to the Group in accordance with the requirements of the ESG Reporting Guide, and in line with peer benchmarking and expert analysis.

**Step 2 - Determine the materiality:** In the form of an online questionnaire, Hilong invited significant internal and external stakeholders to evaluate the materiality of those identified ESG topics. Based on the collected valid questionnaires, Hilong assessed the materiality of ESG topics from the perspectives of "impact on business" and "impact on stakeholders", and then created a materiality assessment matrix.

**Step 3 - Verify the assessment results:** The Management and the ESG Working Group reviewed and confirmed the assessment results.

During the Reporting Period, the Group carefully reviewed the ESG topics and corresponding materiality assessment results. As there are no significant changes in the Group's business and external environment, we decide to keep on using the assessment results from years before. The specific ESG materiality matrix is as follows:

| Materiality | No. | ESG issue |
|---|---|---|
| High | 15 | Product quality |
| | 10 | Safe production |
| | 16 | Customer service |
| | 18 | Product innovation |
| | 11 | Occupational health |
| | 19 | Partners |
| | 1 | Energy saving |
| Medium | 17 | Property right protetion |
| | 9 | Legal employment |
| | 7 | Environmental emergency management |
| | 20 | Anti-corruption |
| | 12 | Employee training |
| | 14 | Prohibition of child labor and forced labor |
| | 3 | Waste-water and waste gas |
| | 6 | Solid waste |
| | 2 | Water conservation |
| | 13 | Employee activity |
| | 8 | Noise control |
| | 21 | Social welfare |
| | 4 | Greenhouse gas |
| | 5 | Packaging materials |




**ESG Materiality Matrix**

## 2. Responsible Operation

Hilong remains committed to being a responsible and conscientious industrial enterprise. Regarding high-performing research and development ("R&D") team and advanced equipment as one of the important guarantees for an organization's core competitiveness, we have established a number of professional R&D institutions with high-end experimental equipment and good R&D conditions to ensure that we have strong innovation ability and professional R&D level in various fields of oilfield technical services. In addition to delivering cutting-edge technology and quality services to customers, we also hope to use our influence to drive the sustainable development of the industry and even the society, spread the positive energy of Hilong, and make progress with all stakeholders.

### 2.1 Promoting Technological Innovation

Focusing on customer needs and leading technology and sticking to the development strategy of "Scientific and Technological Innovation", Hilong has formed unique industrial advantages with its innovative technologies. With relentless efforts put into technological innovation of major products to support their large-scale application, we have built a scientific management system for R&D projects and a sound incentive mechanism for technology innovation. In addition to making constant breakthroughs in key and core technologies of the industry, we also work hard to promote the development and implementation of new products and new technologies.

We have always followed the "Specialized, Sophisticated, Differentiated, and Innovative" ("SRDI") development roadmap. In 2025, Hilong focuses on high-end drilling tools and technical solutions required for the development of deep-sea, deep-earth, and unconventional oil and gas resources. Hilong's U165 high-strength casing running drill pipe is designed for deep-sea, deep-earth, and unconventional oil and gas development. Through optimized upgrades in materials, processes, and structure, its maximum tensile load-bearing capacity under anti-slip (anti-crush) conditions exceeds 1,100 tons, which can meet the demands of large-size heavy casing running in ultra-deep wells and deep-water wells. It has passed authoritative third-party certification and possesses mass production capability. At the same time, as a key product of the Group's digital transformation, the RFID electronic tag drill pipe has undergone optimized design, resulting in a significant improvement in signal stability. It has successfully passed trial verification in complex downhole environments such as high temperature, high pressure, and high sulfur content. With reliable performance and strong adaptability, it has received high recognition from users including CNPC and CNOOC, and has already secured multiple domestic and international orders.




**RFID Electronic Tag Drill Pipe**



**U165 High-Strength Casing Running Drill Pipe**

During the Reporting Period, several subsidiaries of the Group achieved fruitful results in innovation and development-related areas such as qualification certifications and project applications. Hilong Oil Service Technology Company obtained multiple qualifications, including the 2025 High-Tech Enterprise certification, Beijing 2025 Innovative Small and Medium-sized Enterprise, and Technology-based Small and Medium-sized Enterprise. It also successfully applied for the 2025 Special Project on Enterprise Efficiency Enhancement in the Science and Technology Service Industry, launched by Beijing Municipal Science and Technology Commission, as well as the Key Technology Innovation Support Project for Technology-based Small and Micro Enterprises, initiated by Zhongguancun National Independent Innovation Demonstration Zone. In addition, the Group's scientific and technological talents were selected into the relevant programs of the China Association for Science and Technology's Young Scientific and Technological Talent Cultivation Project. Hilong Information Technology Company successfully passed the 2025 Shanghai "SRDI" Small and Medium-sized Enterprise re-assessment and obtained the 2025 High-Tech Enterprise certification. Tianjin Offshore Engineering was recognized as a 2025 Tianjin "SRDI" Small and Medium-sized Enterprise and received Tianjin SME Digitalization-related qualification certification. It also won the Second Prize of the "Machinery Industry Science and Technology Award" from the China Machinery Industry Federation and received post-research and development investment subsidy funding.

**Hilong Selected for the 2025 Shanghai Hardcore Technology Enterprises TOP100 List**

In December 2025, at the Science and Technology Innovation Conference 2025 themed "Chart a New Chapter for Industry, Forge a New Engine for the Future," co-hosted by China Media Group and the Shanghai Municipal People's Government, Hilong Group was successfully selected for the 2025 Shanghai Hardcore Technology Enterprises TOP100 List in recognition of its innovative achievements in the oil and gas equipment and technical services sector. As a core driving force for future industrial development, hardcore technology was the focus of this list, which centered on Shanghai's "3+6" industrial system. The selected enterprises demonstrated outstanding performance in areas such as R&D investment, patent innovation, and national-level research platforms, with substantial innovation capabilities and fruitful results. They represent Shanghai's top innovation level in frontier fields such as high-end manufacturing and artificial intelligence.




**2025 Shanghai Hardcore Technology Enterprises Top 100 List**

**Hilong's Heat Treatment for Weld Zone SSC Resistance in High-Strength Sour Service Drill Pipes Wins the Second Prize in Patent Category of the Fifth Shanghai Intellectual Property Innovation Award**

In October 2025, Hilong Group's patented technology "A Heat Treatment Method for Improving the Sulfide Stress Cracking ("SSC") Resistance of the Weld Zone of High-Strength Sour Service Drill Pipe" won the Second Prize of the Fifth Shanghai Intellectual Property Innovation Awards, granted by the Shanghai Municipal People's Government. This patented technology addresses the industry pain point of SSC susceptibility in the weld zone of high-strength sour service drill pipes. By integrating materials science and process engineering, it optimizes the hardness of the weld zone through an innovative heat treatment method, significantly enhancing its resistance to hydrogen sulfide stress corrosion cracking. This effectively reduces the risk of drill pipe fracture during drilling operations in sour environments, thereby improving operational safety. At the same time, it further strengthens Hilong's technological leadership and product reliability in the international high-end drilling tools sector.




**The Fifth Shanghai Intellectual Property Innovation Award**
**(Second Prize in Patent Category)**

**Hilong's Industrial Site Intelligent Management and Control Platform Project Rated as "Internationally Advanced" Technology Achievement**

In June 2025, the Industrial Site Intelligent Management and Control Platform ("M-Link Platform"), basing on Low-Code Development Technology, independently developed by Hilong Petroleum Group (Shanghai) Information Technology Co., Ltd., successfully passed the technology achievement evaluation organized by the China Association for the Promotion of Private Sci-Tech Enterprises at the Science and Technology Hall. The evaluation unanimously concluded that the platform has reached an internationally advanced level in low-code development technology for the oil and gas industry, possesses significant economic and social benefits, and has broad application prospects. It will actively support the subsequent promotion and application of the platform. The M-Link platform has successfully overcome 10 key technologies, including cross-engine hybrid development of 3D models. It has formed multiple innovative achievements such as a low-code development framework, system automatic generation technology, and a multimodal real-time data fusion intelligent inspection model. The platform can support low-code development of industrial software and intelligent hardware, effectively improving development efficiency, reducing development costs, and accelerating the accumulation of core technologies.

While constantly strengthening the Group's R&D capabilities, we are also actively engaged in exchanges and cooperation with scientific research institutions at home and abroad. Leveraging the establishment of a postdoctoral research workstation, Hilong are committed to build a strong scientific and technological innovation talent echelon. Furthermore, with our experience in product R&D and project services, we take an active part in industry exchange activities and the formulation and revision of industry standards, in an effort to contribute our strengths to overcome key technical difficulties and drive the steady development of the industry.

**Active Participation of Hilong Employees in Various Industry Exchange Activities**

In 2025, Hilong Group actively engaged in external technical exchanges and industry seminars, covering core areas such as artificial intelligence, petroleum equipment, marine engineering, and materials testing. The forms of activities included international exhibitions, cutting-edge technology seminars, university-enterprise cooperation lectures, in-depth government-enterprise dialogues, and overseas specialized discussions. These efforts built a comprehensive, multi-level collaborative framework and demonstrated the Group's comprehensive strength in the energy equipment and services sector. In terms of core business, the Group focused on drilling tool promotion, steel pipe process optimization, and materials innovation. It collaborated with research institutions such as Southwest Petroleum University and Beijing Institute of Technology to promote industry-academia-research integration and the transformation of research outcomes. The Group also participated in the Abu Dhabi International Petroleum Exhibition & Conference, establishing a global platform for technical exchange.

In frontier seminars and cooperation expansion, the Group participated in forums on deepwater oil and gas engineering, gas hydrates, and the Digital Technology Conference for Manufacturing, exploring deepwater oil and gas and digitalization topics together with industry peers. At the same time, it received Sany Energy and multiple international partners for in-depth exchanges on high-end equipment, oilfield technology, and market expansion in West Africa, further strengthening the cooperation ecosystem.

The Group also deeply engaged in AI technology applications to promote intelligent collaborative innovation. It held an oilfield production enhancement technology seminar in Tripoli, which received high recognition from the North African industry peers. These series of activities facilitated technology exchange and resource integration, injecting new momentum into oil and gas equipment upgrading, digital transformation, and global market expansion.

## 2.2 Pursuing Excellent Quality

As an internationally competitive oilfield equipment and services provider, Hilong thoroughly implements the national innovation-driven development strategy and the concept of high-quality development and strives to build the core competitiveness of its brand. We strictly comply with the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中华人民共和国消费者权益保护法》), the Product Quality Law of the People's Republic of China (《中华人民共和国产品质量法》) and the Regulations on Quality Responsibility for Industrial Products (《工业产品质量责任条例》) and other relevant domestic and foreign laws and regulations, continuously refine our quality management system, strengthen quality-related training, focus on quality risk prevention and control, and work hard to improve the quality management ability, hoping to deliver high-quality and sustainable products and services to customers.

### 2.2.1 Governance System Enhancement

**Hilong Quality Principle**

- Honouring contracts, perfecting quality control;
- Relying on technology management, seeking quality improvement;
- Building Hilong's brand image, exceeding customers' expectation.

To continuously provide customers with more stable and reliable products, we have obtained a number of international certifications in drilling services, drilling tools and production tools, including NS-1 (Non-productive-time Solution Level 1) accreditation. Moreover, we have been authorized to use the American Petroleum Institute (API) Monogram for various rotary drill stem elements of different size: API Spec7-1 (Rotary Drill Stem Elements), API Spec 5CT (Casing and Tubing), API Spec 5DP (Drill Pipe), API Spec Q1 (Specification for Quality Management System) and API Spec Q2 (Quality Management for Service Supply Organizations). In addition, to verify and ensure the effective operation of the quality management system, the Group conducts internal and external audits of the quality management system every year to ensure its suitability, pertinence, effectiveness, and operability.




NS-1 certification of Shanghai Drill Pipe




API Spec7-1 certification of Shanghai Drill Pipe

Hilong continues to strengthen its quality organization at all levels, incorporating all product quality and service quality into its quality management responsibilities scope and ensuring product quality by means of staff training, equipment selection and management, materials, production processes, operational standards, production environment, incentive mechanisms, and the provision of supervision support.

| Elements of Control | Measures to Ensure Product Quality |
|---|---|
| **Equipment and Testing Control** | ● Possesses advanced production and inspection equipment and establishes a complete preventive maintenance system.<br>● Possesses a laboratory accredited by the China National Accreditation Service for Conformity Assessment (CNAS), strictly implements the measurement management policy, and regularly carries out self-calibration and third-party manufacturer calibration and verification to guarantee the sensitivity and accuracy of inspection equipment. |
| **Material Control** | ● Ensures compliance with material quality requirements by conducting entry inspection, production process inspection, finished product inspection, physical and chemical performance testing, pre-shipment inspection, etc. on materials. |
| **Production and Inspection Process Control** | ● Makes sure that production personnel processes such as thickening, heating treatment, and non-destructive testing of drill pipe body are completed according to the relevant process control requirements of product production and inspection. |
| **Production Environment Control** | ● Effective management of production factors based on lean 5S principles. |
| **Personnel Management and Incentive System Control** | ● All operators shall obtain certificates before being employed to ensure personnel capability.<br>● Establishes an inspection team and strengthens employees' self-supervision through process or discipline inspection and implementation of incentive systems. |

Through the introduction of automated inspection equipment, Hilong strives to improve the capacity and effectiveness of product quality inspection. During the Reporting Period, Shanghai Drill Pipe focused on lean management across the entire production process and launched the “Individual Traceability System”. Each drill pipe is assigned a unique QR code, establishing a full lifecycle traceability system from raw material inbound to finished product outbound. The system effectively resolves issues such as low efficiency of manual recording, high error rates, and difficulties in traceability. It enables rapid identification of production bottlenecks, precise tracing of the root causes of quality issues, and simplifies product inspection and after-sales traceability processes. As a result, it significantly improves production scheduling efficiency, quality control standards, and overall operational performance. Looking ahead, Shanghai Drill Pipe plans to gradually introduce automated grinding equipment, coaxiality detection systems, and electronic tag installation equipment to further enhance production automation and precision management, providing stronger data support for product compliance and reliability.



**Automated Inspection Equipment Introduced by Shanghai Drill Pipe**

The Group has established a complete emergency response plan and procedures. Once the quality management and inspection personnel have identified any safety risk in products, all the products with safety risks will be recalled immediately in accordance with the Product Recall Policy (《产品召回程式》) and be properly disposed. During the Reporting Period, there was no product subject to recalls for safety and health reason in the Group.

### 2.2.2 Intensive Quality Training

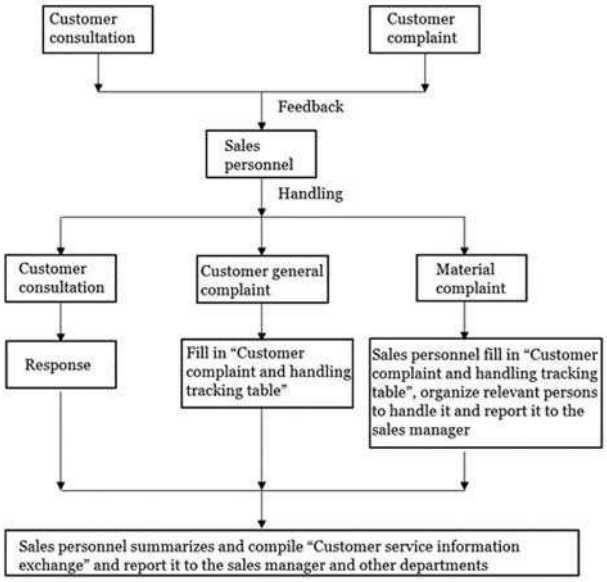
Being fully aware that employees' quality awareness and technical ability are of great significance to assure product quality, Hilong has developed a series of targeted training courses, including professionalism, theoretical knowledge, and operational skills. Such training is designed to ensure relevant staff master the theoretical knowledge, understand the equipment operating procedures, and possess the ability to identify quality defects and inspect tooling facilities so that they can fulfill all standard operating requirements. After years of practice, the Group has cultivated a group of skilled workers and technicians with rich experience in drill pipe production and skilled in professional inspection.

During the Reporting Period, the Group formulated training plans according to the training needs of each department and carried out corresponding trainings for sales department, equipment department, production department, maintenance team, warehouse management, quality inspectors, etc. We have made sustained efforts to guarantee that quality awareness is deep-rooted in the heart of every employee and reflected in their daily work and behavior.

### 2.2.3 Optimal Customer Service

Hilong is committed to providing high-quality services for its customers and keeps improving the content and quality of customer services throughout the pre-sales, sales, and post-sales processes. We have established a customer service information system and kept improving the system by strengthening the service awareness of our customer service staff and organizing service skills training. Through Customer Service Management System (《客户服务管理制度》), the Group has clearly defined the handling methods and service standards for customer complaints. Each subsidiary has also formulated its own handling procedures and management methods of customer complaints, specifying the responsibilities and specific operating procedures of each department. Shanghai Drill Pipe, for example, requires its marketing staff to issue a Customer Complaint Handling Form (《客户投诉处理单》) one hour after receiving a customer complaint, for which Technical Quality Department needs to give a reply within 3 working days. In case of major complaint, a temporary remedy must be in place within 8 working hours, and a complete solution should be provided to the customer within 2 working days. Those who fail to handle any complaint within the required time shall be subject to corresponding fines or other penalties. In addition, we have developed the Customer Satisfaction Control Procedures (《客户满意度控制程序》) and conducted regular customer satisfaction surveys and occasional call-back to collect and respond to customer opinions, continuously improving quality of customer services.

During the Reporting Period, the Group received no complaints regarding its products and services.




**Procedure of Customer Complaint Management**

Regarding customer information as the secret of the Group, we strictly abide by relevant laws and regulations in the places where we operate, including but not limited to:

- the Personal Information Protection Law of the People's Republic of China (《中华人民共和国个人信息保护法》); and
- the Data Security Law of the People's Republic of China (《中华人民共和国数据安全法》).

Under the Group' s confidentiality system and work procedures, we require that the storage, sending, and receiving of customer information, as well as the transmission and carrying out of it, to be carried out by designated personnel, and no personnel are allowed to copy or extract it unless otherwise authorized. Meanwhile, we arrange more training sessions to strengthen the confidentiality awareness of employees, so as to enhance Hilong's ability to control information security risks.

As for advertising, Hilong is in strict compliance with relevant laws and regulations of the places where the Group operates, such as the Advertisement Law of the People's Republic of China (《中华人民共和国广告法》). We have formulated the Trademark Management Regulations(《商标管理办法》), regulating the advertising contents and conducts involving external publicity such as various types of promotional materials (brochures, newspapers and magazines, etc.), online advertisements and other forms of advertisements (SMS, WeChat, radio, television, outdoor billboards, lifts, etc.). Meanwhile, to maintain the consistency and stability of our Group's image, we have formulated the Management Regulations on the Use of Corporate Image VI (《企业形象 VI 使用管理规定》) and Corporate Image Visual Identity System (VI) – Basic Specification (《企业形象视觉识别系统(VI)－基础规范》), etc., and are continuously regulating and promoting the corporate Visual Image System (VIS). During the Reporting Period, the Group's Legal Department also sent quarterly legal newsletters to the Group, all business divisions and subsidiaries to further enhance the understanding and awareness of responsible marketing.

## 2.3 Protecting Intellectual Property Rights

Hilong is committed to respecting and protecting intellectual property rights (IPRs) and strictly abides by relevant laws and regulations and regulations, including but not limited to:

- the Trademark Law of the People's Republic of China ( 《中华人民共和国商标法》);
- the Regulations for the Implementation of the Trademark Law of the People's Republic of China (《中华人民共和国商标法实施细则》);
- the Patent Law of the People's Republic of China (《中华人民共和国专利法》);
- the Civil Code of the People's Republic of China (《中华人民共和国民法典》); and
- the Enterprise Intellectual Property Management (《企业知识产权管理规范》).

For in-house achievements in scientific research, we take timely measures to protect the patents. Overall, we have formed a comparatively complete IPR protection system.

During the Reporting Period, Hilong continued to implement the Regulations on Intellectual Property Management of Hilong Group (《海隆石油工业集团知识产权管理办法》) and formulated and issued the Regulations on the Protection of Commercial Secrets of Hilong Group (《海隆石油工业集团商业秘密保护管理办法》), which contains detailed provisions on the definition and classification of technical secrets, permissions of personnel with access to secrets, and the standards on the reservation and confidentiality of technical documents and materials. All business units adhere to this policy as a guiding framework for technical secret protection and strictly comply with the requirements for safeguarding confidential information in research and development.

During the execution of R&D plans, before initiating any research projects, the Group's affiliated R&D units reinforce awareness among research teams regarding technical secret protection. This includes confidentiality of technical documents, external communication and publicity of technical information and patent application processes. All R&D personnel are required to sign confidentiality agreements and specific regulations for laboratory technical data protection have been established. The Group's Pipe Research Institute strictly follows the Group's requirements for technical secret protection. During the Reporting Period, detailed discussions and archival protection were conducted for key R&D projects that were completed and reviewed, covering technical secret inventories, specific confidential content and confidentiality requirements. This ensured a comprehensive and standardized approach to project team technical secret protection.

In case of any infringement of Hilong's intellectual property rights, the Legal Department will take timely action to protect the Group's IPRs by means such as applying for objections and filing lawsuits. The Regulations on Trademark Management of Hilong Group (Trial) (《海隆石油工业集团知识产权管理办法》（试行）》), which further clarified the segregation of duties relating to the Group's trademark management, and the processes of trademark registration, use and maintenance, further contributing to the optimization of the Group's IPR protection system. In addition, we actively engage in internal and external IPR training, seeing it as an essential means to enhance the Group's competitiveness.

**Hilong Employees participated in Intellectual Property Training**

In May 2025, Hilong Group invited a law firm to successfully host a specialized intellectual property training course using a hybrid online and offline model. The course attracted over 40 technical experts and researchers from the fields of oil drilling tools, oilfield drilling technology, and marine engineering. Through a systematic explanation of core content such as intellectual property fundamentals, patent authorization standards, application and approval processes, infringement response, and international protection, the course also incorporated real-world cases from the oil equipment industry to deeply analyze practical challenges. This dual approach of "theoretical empowerment + case study practice" effectively enhanced participants' awareness and practical skills in intellectual property protection, building a solid intellectual property barrier for the Group's core technologies and helping the Company achieve high-quality and sustainable development in the field of high-end equipment innovation.

As of 31 December, 2025, the Group has held 162 (2024: 161) registered trademarks, 215 (2024: 240) national authorized patents and 71 (2024: 58) copyright registration certificates for software programs.

## 2.4 Strengthening Supply Chain

A stable and sustainable supply chain is the essential foundation of Hilong to create value for customers. The Group has formulated the Procurement Management Measures of Hilong Group (《海隆集团采办管理办法》), the Supplier Management Implementation Rules (《供应商管理实施细则》), the Tendering and Price Comparison Implementation Rules (《招标比价实施细则》), the Measures for Contract Management of Material Procurement of Hilong Group (《海隆集团物资采购合同管理办法》), the Measures for Quality Management of Material Procurement of Hilong Group (《海隆集团物资采购质量管理办法》), the Measures for Price Management of Material Procurement of Hilong Group (《海隆集团物资采购价格管理办法》) and the Measures for Materials Storage Management of Hilong Group (《海隆集团物资仓储管理办法》), and other rules, so as to build a robust and rigorous supply chain management system covering demand planning, bidding and tendering management, procurement process management, supplier management, quality management, warehousing management, etc.

We have set up a dedicated department responsible for managing the access and change of suppliers, reviewing and submitting supplier information for approval, conducting daily assessment and supervision, and creating supplier profiles. According to the management principle of "Differentiated Management, Dynamic Evaluation and Survival of the Fittest", we classify suppliers into four different categories, and apply different admission criteria and ways of management:

| Types of Suppliers | Definition | Selection and Review System |
|---|---|---|
| Strategic suppliers | Suppliers that is necessary for Hilong's strategic development, directly affects Hilong's business and is irreplaceable. | The selection progress includes four steps of information filling, on-site inspection, review and approval. Suppliers are required to provide business licenses, copies of production licenses, quality management, environmental management, and occupational health and safety management system certificates and other materials for review. |
| Key suppliers | Suppliers providing a relatively large share of procurement | |
| Cooperative suppliers | Suppliers apart from strategic and key suppliers that cooperate with Hilong or its subsidiaries | The Group adopts a record filing system to collect and inquire the credit of such suppliers through public platforms to learn about their operating status and conducts on-site inspections when necessary. |
| Non-cooperative suppliers | Suppliers that Hilong decides not to cooperate with | - |

For strategic and key suppliers, who have regular business dealings with the Group, Hilong conducts annual quantitative assessments covering production quality, contract performance, after-sales service, quotation, etc. For cooperative suppliers, Hilong adopts an exception-based assessment system. Suppliers with serious violations of laws and regulations, benefits through improper means such as bribery, and serious dishonesty announced on the official websites of state organs and authorities are disqualified by the Group. We also make a sustained effort to manage and monitor the quality of materials. We require visual inspection and internal quality control of materials before they enter the warehouse, and continuously monitor and provide feedback on their quality during the stage of usage. During the Reporting Period, the Group conducted on-site inspections of 18 new suppliers, with a key focus on assessing their background and qualifications, production capabilities, performance and financial status, quality assurance systems, and product R&D capabilities.

**Specialized Training Seminar on "Preventing Legal Risks in International Business"**

In October 2025, Hilong organized a special training seminar on "Preventing Legal Risks in International Business". Approximately 31 employees from the Group's Procurement Department participated in the training. The main contents of the training included basic knowledge of legal risk management in international business, response and prevention measures for handling overseas disputes, common legal knowledge in corporate governance, as well as an introduction to common law and Anglo-American contract law. This training aims to further strengthen Hilong Group's supply chain management, enhance the professionalism of procurement personnel and improve compliance with procurement system regulations.



**Procurement Training Seminar**

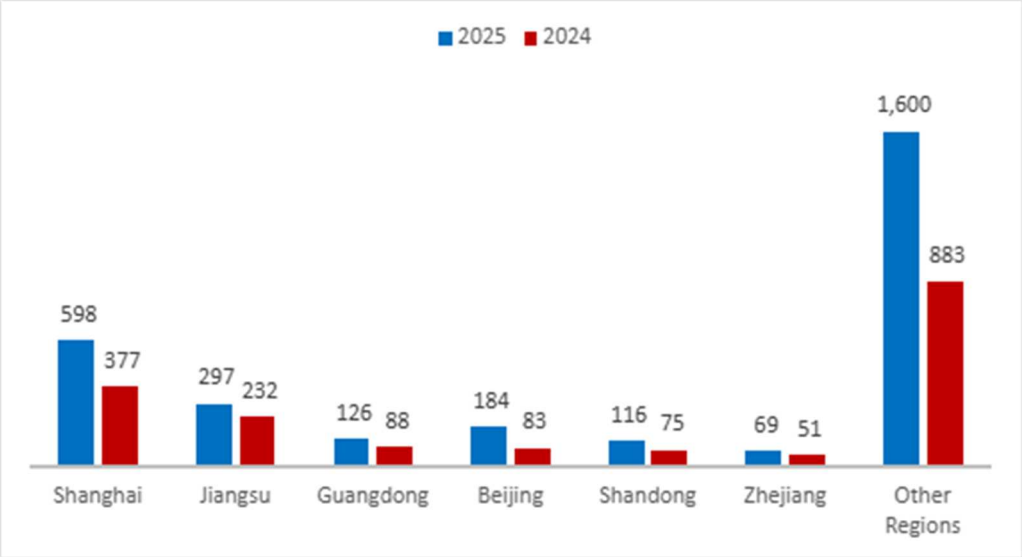
**Digital Transformation and ERP System Training**

In 2025, Hilong Group continued to promote its digital transformation initiative and strengthened the development of its ERP system. During the Reporting Period, Hilong conducted a total of 209 ERP system training sessions, with approximately 1,415 employees participating. The core training topics covered strengthening employees' digital transformation mindset, how procurement and inventory management are integrated into the ERP system, operational processes for procurement and inventory modules, etc. Through these training programs, the Group aims to develop employees' digital thinking and skills, optimize various procurement business processes and further enhance the efficiency of each system module.

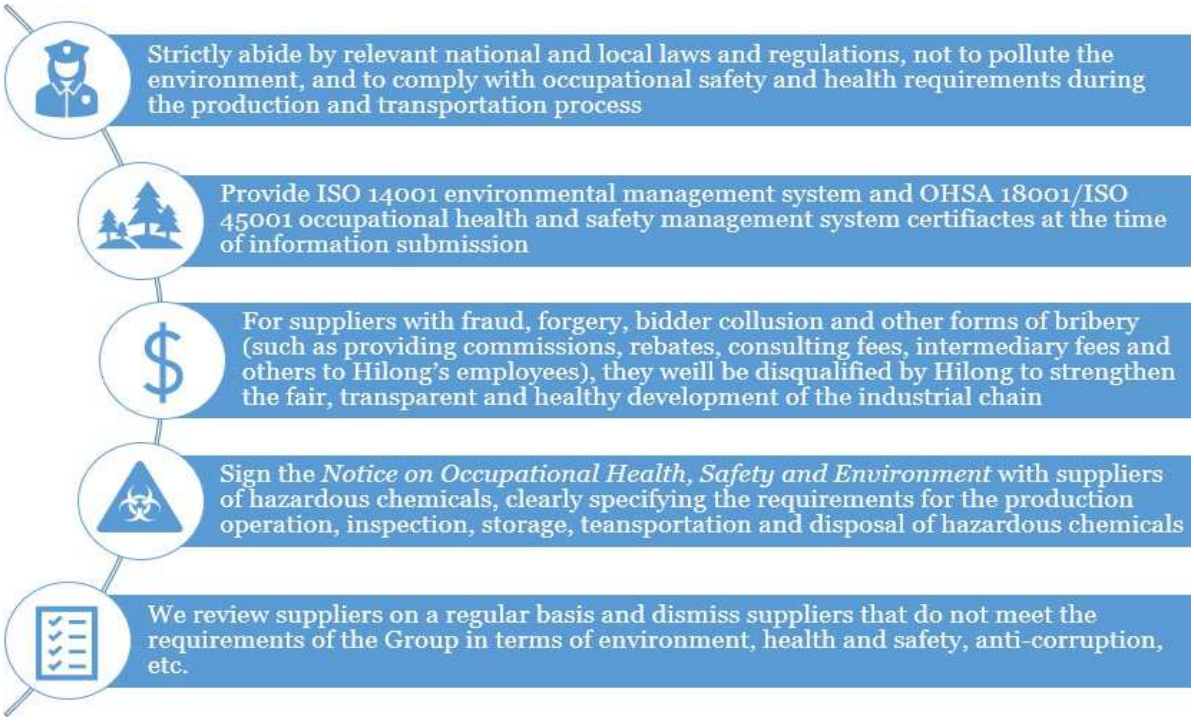
During the Reporting Period, Hilong completed the assessment of all suppliers that had business dealings with the Group, and no supplier was dismissed due to product quality problems. As of 31 December, 2025, Hilong had 2,990 (2024: 1,789) suppliers and the number of suppliers by geographical region is showed as below:

| B5.1 Number of Suppliers | 2025 | 2024 |
|---|---|---|
| Shanghai | 598 | 377 |
| Jiangsu | 297 | 232 |
| Guangdong | 126 | 88 |
| Beijing | 184 | 83 |
| Shandong | 116 | 75 |
| Zhejiang | 69 | 51 |
| Other Regions | 1,600 | 883 |

Note: During 2025, the Group actively expanded its overseas markets and increased the coverage of suppliers for its trading business, resulting in a significant increase in the number of suppliers in Beijing and other Regions.




In order to promote the establishment of a sustainable and responsible supply chain, Hilong actively conveys our ESG idea to the suppliers. For example, we encourage suppliers to recycle packaging materials, and promote them to produce environmental friendly products by selecting water-based paint, solvent-free epoxy paint and other environmental friendly products. For now, the packaging barrels of solvent materials recycling have been achieved. For the procurement of raw materials with large transportation volumes, we require suppliers to arrange vehicles that comply with China's Stage VI Emission Standards for pickup at steel mills. This measure helps reduce vehicle emissions, minimize environmental pollution and protect the ecological environment. We have incorporated environmental and social risk factors into our supplier management process.



## 2.5 Adhering to Business Ethics

Integrity is something the Group never stops pursuing in our operations. We see integrity as the foundation of our business. In addition, we are committed to promoting the sustainable development of the industry in an ethical and sustainable manner. Hilong strictly complies with relevant local laws and regulations, including but not limited to:

- the Criminal Law of the People's Republic of China (《中华人民共和国刑法》);
- the Company Law of the People's Republic of China (《中华人民共和国公司法》);
- the Tender and Bidding Law of the People's Republic of China (《中华人民共和国招标投标法》);
- the Anti-unfair Competition Law of the People's Republic of China (《中华人民共和国反不正当竞争法》);
- the Anti-money Laundering Law of the People's Republic of China (《中华人民共和国反洗钱法》);
- Interim Provisions on the Prohibition of Commercial Bribery (《关于禁止商业贿赂行为的暂行规定》); and
- the Audit Law of the People's Republic of China (《中华人民共和国审计法》).

In all business dealings, Hilong is opposed to any form of bribery, corruption, extortion, and corrupt practices and clearly communicates this to all employees as well as suppliers and partners.

Hilong upholds the fundamental principles of "Prevention Precedes Punishment" and "Protect Whistle-blowers" in observing business ethics. We have formulated strict management system, such as Management System for Audit Department (《审计部管理制度》), Regulations for the Implementation of the Audit Work (《审计工作实施细则》), Management System for Fraud and Irregularities (《舞弊及违规行为管理制度》), Integrity and Self-Discipline Standard (《廉政自律规范》) and the Anti-corruption and Reporting System (《反舞弊和举报制度》), etc. The Board of the Group is responsible for urging the establishment of the internal control system. The Audit and Supervision Department of the Group is a permanent establishment for anti-fraud work and is responsible for internal audit. The management of each subsidiary is responsible for publicizing anti-fraud policies and reporting procedures through staff manuals, rules and regulations, or internal network and other channels. We engage all employees in the prevention, management, and control of fraud, corruption, and other illegal activities.

We actively communicate our philosophy of integrity in cooperation and business to our customers, suppliers, outsourcers and other stakeholders. Meanwhile, we highlight the declaration and reporting of conflicts of interest and prohibits employees from soliciting any benefits from those who have business dealings with the Group, including business partners, customers, suppliers, contractors, competitors, or those who have business relations with Hilong. During the cooperation with suppliers, Hilong strictly implements the Tendering Management Policy(《招标管理制度》) and purchases materials and services through an open and fair bidding process. When signing contract with partners, Hilong also sign the Integrity Agreement(《廉洁协议》) with them or present them with the Integrity Notice(《廉洁告知书》), clarifying that no corruption should be allowed in the cooperation process.

The Group has established a sound reporting mechanism to increase the efficiency of its internal supervision on anti-corruption and integrity. Hilong has established various reporting channels, which are disclosed at easily visible spots in offices and factories, as well as sound handling procedures. After receiving complaints, the Audit and Supervision Department conducts an investigation and will report to the Management or the Board in case of confirmation, while deciding punishments in accordance with relevant regulations of the Group. If the misconduct is against the law, the Audit and Supervision Department will refer the matter to the legal authorities for prosecution. Meanwhile, Hilong has established a whistle-blower protection mechanism, through which the information of both whistle-blowers and the matter itself should be kept confidential. If the whistle-blower encounters any form of discrimination or retaliation, the Audit and Supervision Department will intervene in a timely manner by demoting those who conduct retaliation, terminating the employment contract, etc. In case of violation of laws or regulations, the case will be referred to a judicial office for further processing.

Telephone for reporting: 021-66862705
E-mail for reporting: shenji@hilonggroup.com
Mail address: Audit and Supervision Department of Hilong, No. 1825, Luodong Road, Baoshan District, Shanghai

While conducting prevention and supervision, the Group strengthens daily anti-corruption education and regularly organizes publicity and training on anti-fraud policies and reporting procedures, bringing the risks of corruption and conflicts of interest to the attention of management and employees. We also strive to optimize measures to identify and mitigate related risks. During the Reporting Period, we issued the multilingual Anti-fraud Notice (《反舞弊告知书》) to all employees and required Hilong's management and employees to complete the Conflict of Interest Declaration Form (《利益冲突申报表》), so as to further raise their anti-fraud awareness. We delivered anti-fraud lectures to the Board and employees.

**Anti-Fraud Training**

In 2025, Hilong held anti-fraud awareness lectures and training sessions, focusing on the Anti-fraud and Reporting System of Hilong Group (《海隆集团反舞弊与举报制度》) and case analysis. The training was designed to help employees gain a deeper understanding of corporate anti-fraud principles. By incorporating common fraud cases, the training sought to further raise employees' awareness of abiding by the Code of Conduct and ethical standards, laying the foundation for building a clean, self-disciplined, and law-abiding working environment.



**Anti-Fraud Awareness Lectures and Training Sessions**

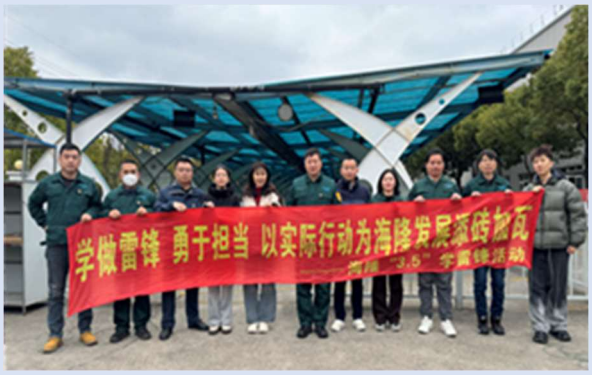
During the Reporting Period, the Group and its employees have had no violations involving corruption, bribery, extortion, fraud or anti-money laundering. Also, there were no concluded legal cases regarding corrupt practices during the Reporting Period.

## 2.6 Sincerely Giving Back to the Society

While pursuing self-development and industry progress, we strive to promote the sustainable development of society. We are active in all kinds of charity programs, with a focus on rural revitalization and community service. We also continuously encourage employees to carry forward the spirit of selfless dedication, responsible behavior, repay the society with practical actions and improve people's wellbeing. We have formulated the Measures for the Administration of Charity and Public Welfare Activities (《慈善与公益活动管理办法》), which stipulates the source and use of funds, the form of activities, the summary and assessment of activities, etc.

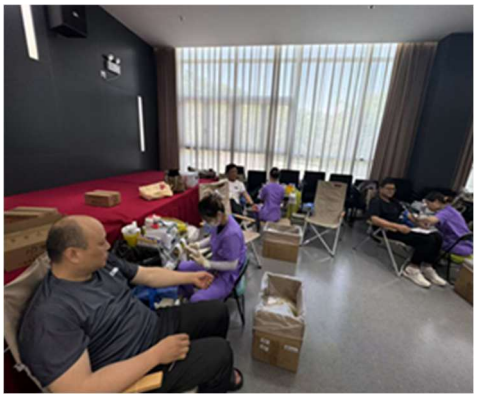
**Theme Activity of "Learning from Lei Feng's Good Example, Passing on the Spirit of Dedication in the New Era"**

In March 2025, in order to carry forward the spirit of voluntary service of "dedication, fraternity, mutual assistance and progress" and the spirit of Lei Feng in the new era, the Group sticked to its good tradition of learning from Lei Feng, and launched the theme party day activity of "Learning from Lei Feng's good example, passing on the spirit of dedication in the new era", which was based on the starting point of "Doing practical things for the public". During the Reporting Period, a total of 15 (2024: 15) participants took part in this activity.




**"Learning from Lei Feng" Volunteer Activities**

The Group actively called upon its staff to participate in community volunteer services and to contribute to the society through volunteer activities such as blood donation and paying respect to the elderly. During the Reporting Period, a total of 19 (2024: 28) employees participated in blood donation activities and 10 (2024: 10) employees devoted 200 hours (2024: 200 hours) to volunteer services, contributing their efforts and spreading positive energy. We have always attached great importance to caring for our retired employees and to fulfilling corporate social responsibility. During the Reporting Period, we distributed elderly care benefits of RMB6,000 (2024: RMB5,200) to retired employees, safeguarding their well-being in later life and conveying the warmth of the enterprise.



**Voluntary Blood Donation Event**

## 3. Care for Employees

Adhering to the management philosophy and employment criterion of "fairness, justice and openness", Hilong strives to create a healthy and safe work environment that is friendly and cooperative, as well as diverse and inclusive. Hilong strictly complies with relevant domestic and foreign laws and regulations, including but not limited to:

- the Labour Law of the People's Republic of China (《中华人民共和国劳动法》);
- the Labour Contract Law of the People's Republic of China (《中华人民共和国劳动合同法》) ;
- the Law of the People's Republic of China on the Protection of Disabled Persons (《中华人民共和国残疾人保障法》);
- the Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中华人民共和国妇女权益保障法》); and
- the Special Provisions on the Labor Protection of Female Employees (《女职工劳动保护特别规定》).

Meanwhile, the Group has established a rigorous training system and smooth career development paths, in order to achieve mutual growth with employees, and thrive together with them towards shared success.

### 3.1 Diversity, Equality and Inclusiveness

We actively maintain our diversified operations and firmly believe that diversified operations can keep the enterprise dynamic. We provide equal employment opportunities for talents regardless of their gender, nationality, race, age, family background, ethnic traditions, and religion. Based on all these, we also require all expatriate employees to fully respect the religious beliefs and living customs of local employees overseas, and arrange specialized training for employees dispatched to overseas subsidiaries and projects, so as to help them understand the laws, regulations, religious beliefs, and living customs of the corresponding countries and regions. We also work to ensure that employees of different countries, races, religious beliefs, and living customs are treated equally with respect and protection at Hilong.

Hilong strictly prohibits child labour and all forms of forced labour. In accordance with the appendix of the Employment Management Policy ( 《员工聘用管理制度》), the Employment Standards for New Employees (《新员工录用标准》), the newly hired shall be above the age of 18, and their identity information is subject to strict scrutiny to prevent the unintended employment of child labour. In case of any unintended employment of child labour identified, we will immediately terminate the employment contract and send them back to their parents or other legal guardians in accordance with the Prohibition of Using Child Labour (《禁止使用童工规定》) and the Law of the People's Republic of China on the Protection of Minors (《中华人民共和国未成年人保护法》). Hilong strictly controls overtime in compliance with the legal working hours to guarantee the rest hour and physical and mental health of employees. In case of unavoidable overtime on holidays, employees are given compensatory time off or paid overtime wages in accordance with the law.

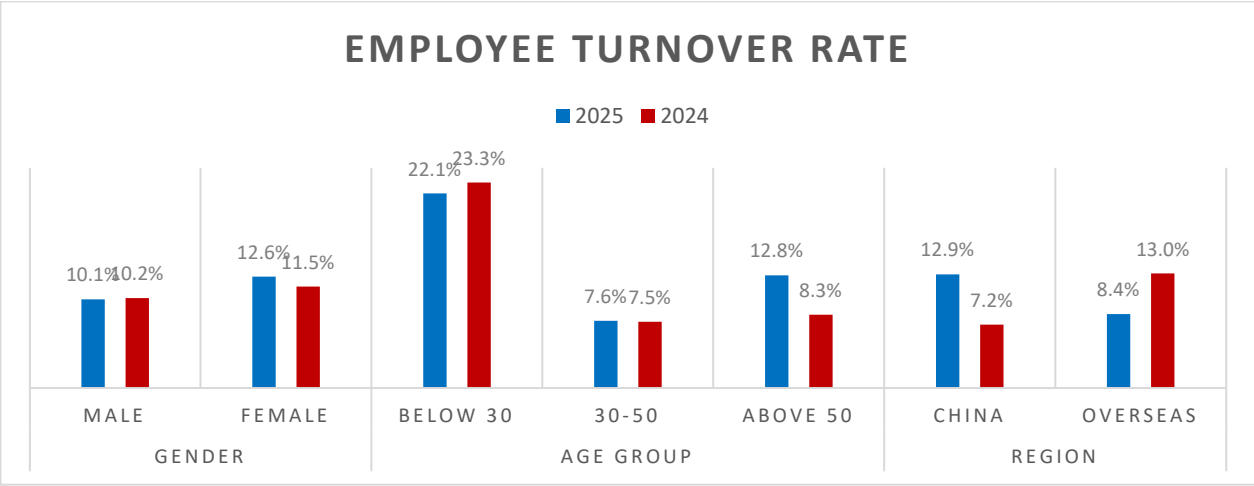
Besides, adhering to the principle of equality and non-discrimination, we respect the rights and interests of all employees and constantly improve the Group’s internal employment management system. The Group formulated the Employment Management Policy and the Labour Contract Management System (《劳动合同管理制度》) to regulate the recruitment process. Hilong explores and attracts outstanding talents through on-campus recruitment, social recruitment, recruiting websites, head-hunters, talent market, and so on. We continue to optimize the talent echelon, absorb employees with different backgrounds, and strive to improve the Group's capabilities in fields such as R&D and management. As of 31 December, 2025, Hilong had 2,810 employees. More details are shown by gender, employment type, age group, region and education group as below:

| B1. Workforce | | 2025 | 2024 | Unit |
|---|---|---|---|---|
| **Total Workforce** | | 2,810 | 2,479 | People |
| **Gender** | Male | 2,547 | 2,233 | People |
| | Female | 263 | 246 | People |
| **Employment Type** | Full Time | 2,810 | 2,479 | People |
| | Part Time | 0 | 0 | People |
| **Age Group** | Below 30 | 392 | 373 | People |
| | 30-50 | 2,227 | 1,919 | People |
| | Above 50 | 191 | 187 | People |
| **Region** | China | 1,169 | 1,162 | People |
| | Overseas | 1,641 | 1,317 | People |
| **Education Group** | Bachelor | 478 | 443 | People |
| | Master | 151 | 176 | People |
| | Doctor | 8 | 5 | People |
| | Others | 2,173 | 1,855 | People |

In addition, the Group fully respects the career choices of its employees. As for resignation, Hilong strictly complies with the Employee Termination Management Policy (《员工离职管理制度》, and protects the legitimate rights and interests of employees. The dismissal process only starts when the employee meets relevant requirements for dismissal, plus the dismissal is confirmed by the head of his or her department. Hilong has also formulated the Rules for Retirement Ceremony of Employees (《员工退休欢送仪式的规定》) and organizes retirement parties and sends blessings to retired employees.

During the Reporting Period, the employee turnover rate of the Group by gender, age group, and region is shown below:

| B1.2 Employee Turnover Rate | | 2025 | 2024 | Unit |
|---|---|---|---|---|
| **Total Turnover Rate** | | 10.3 | 10.3 | Percentage |
| **Gender** | Male | 10.1 | 10.2 | Percentage |
| | Female | 12.6 | 11.5 | Percentage |
| **Age Group** | Below 30 | 22.1 | 23.3 | Percentage |
| | 30-50 | 7.6 | 7.5 | Percentage |
| | Above 50 | 12.8 | 8.3 | Percentage |
| **Region** | China | 12.9 | 7.2 | Percentage |
| | Overseas | 8.4 | 13.0 | Percentage |



### 3.2 Facilitating Talent Development

Hilong supports every employee to develop and grow. Recognizing the different needs and characteristics of different employees, we offer a range of training programs and transparent promotion channels, to help them achieve personal development and self-improvement.

#### 3.2.1 Comprehensive Training Systems

Hilong has formulated the Staff Training Management Policy (《员工培训管理制度》) and formed a hierarchical training system to improve the ability and quality of employees, optimize their career paths, and promote the joint progress of employees and the Group. Training is arranged for employees at all levels across the Group from three levels: the Group, business division, and subsidiary company. Hilong organizes various training such as management training, professional technician training, sales training, overseas talent training, and operational and technical training each year so as to continuously improve employees' professional skills.

During the Reporting Period, we continued to carry out talent assessments for key positions to develop backup personnel and obtained an in-depth understanding of the talent reserves for management, R&D and technology, market/marketing, and other business lines. Based on that, we formulated the Management Measures for Training Reserve Talents for Key Posts of the Group (《集团重点岗位后备人才培养管理办法》) and the Implementation Plan for Training Reserve Talents (and Internal MBA Programs) for Vice General Managers and above of Branches and Subsidiaries (and Overseas Project Departments) of Hilong Group of Companies (《海隆石油工业集团分子公司（海外项目部）副总经理及以上岗位后备人才培训（暨企业内部 MBA 班）实施方案》), the revised Management Measures for Key Position Talent and Reserve Talent Rotation of the Group (《集团重点岗位人才及其后备人才轮岗管理办法》) and the Work Rules for Group Headquarters Personnel During Temporary Posting and Job Rotation（《集团机关人员挂职轮岗期间工作守则》). By driving the training and quality improvement of reserve talents for all the key positions at different levels within the Group, consolidate our talent base, and accelerate our sustainable development in the long run through measures including "mentorship program", "job rotation", "sending leaders to front-line positions", and "theoretical learning". By the end of the Reporting Period, a total of 52 employees participated in the "mentorship programs", 139 employees took part in "job rotations" and 46 employees joined the "theoretical learning" (i.e. "internal MBA program") in 2025.

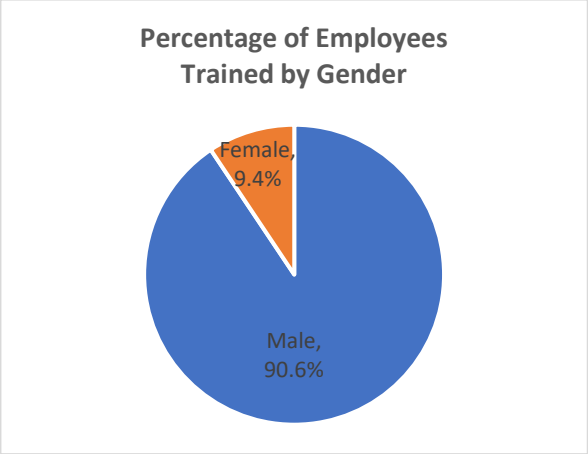
In 2025, we used the online learning platform "Hilong Cloud Classroom", so as to accelerate our progress in IT-based training. This platform makes it convenient for employees in different regions to receive training together, and contributes to the accumulation of knowledge and experience within the Group. It also allows employees to learn anywhere, anytime, making training more flexible and fun. In 2025, a total of 59 online test papers were deployed and 719 online exams were organized with a cumulative 388 participants taking the online exams.

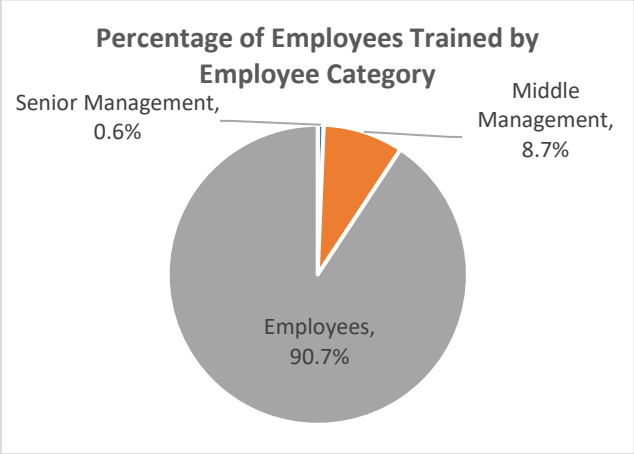
**Hilong Group Onboarding Training Program for Campus-Recruited New Employees**

During the Reporting Period, the Group recruited 37 fresh graduates of 2025 and formulated a systematic onboarding training program to help the new employees quickly integrate into the working environment. The training program focused on the “mentorship programs” model and provides customized learning plans tailored to specific job requirements. It covers professional skills guidance and practical training to facilitate the rapid improvement of new employees’ professional competencies. Through the mentoring and knowledge transfer by outstanding internal talents, the Group continuously builds a pool of high-caliber backup talent for key positions, improves its talent cultivation and career development system, and provides strong support for the Group’s long-term sustainable development.

During the Reporting Period, the Group's trained employees were classified by gender and employee category as follows:

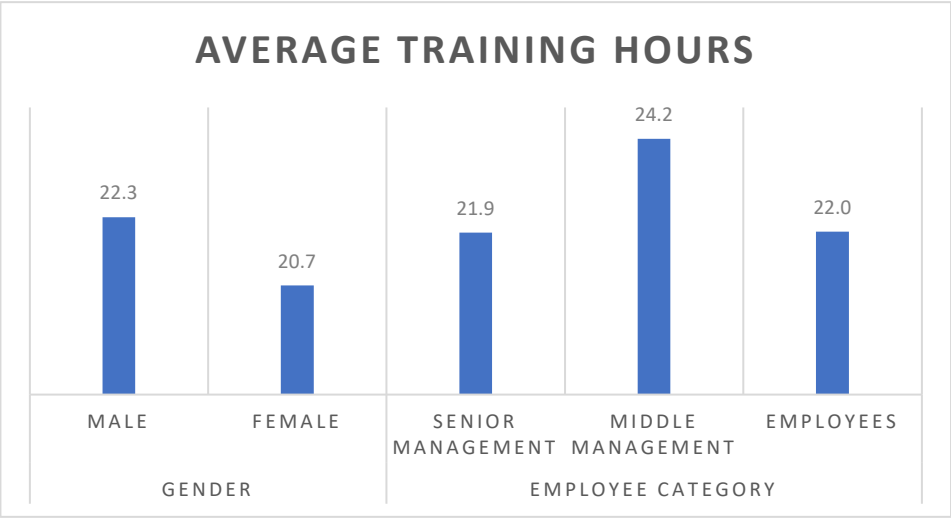
| B3.1 Trained Employees | | 2025 | 2024 | Unit |
|---|---|---|---|---|
| **Employees Trained** | | 100 | 100 | Percentage |
| **Total Training** | | 62,273 | 56,604 | Hours |
| **Gender** | Male | 90.6 | 90.1 | Percentage |
| | Female | 9.4 | 9.9 | Percentage |
| **Employee Category** | Senior Management | 0.6 | 1.0 | Percentage |
| | Middle Management | 8.7 | 8.0 | Percentage |
| | Employees | 90.7 | 91.0 | Percentage |



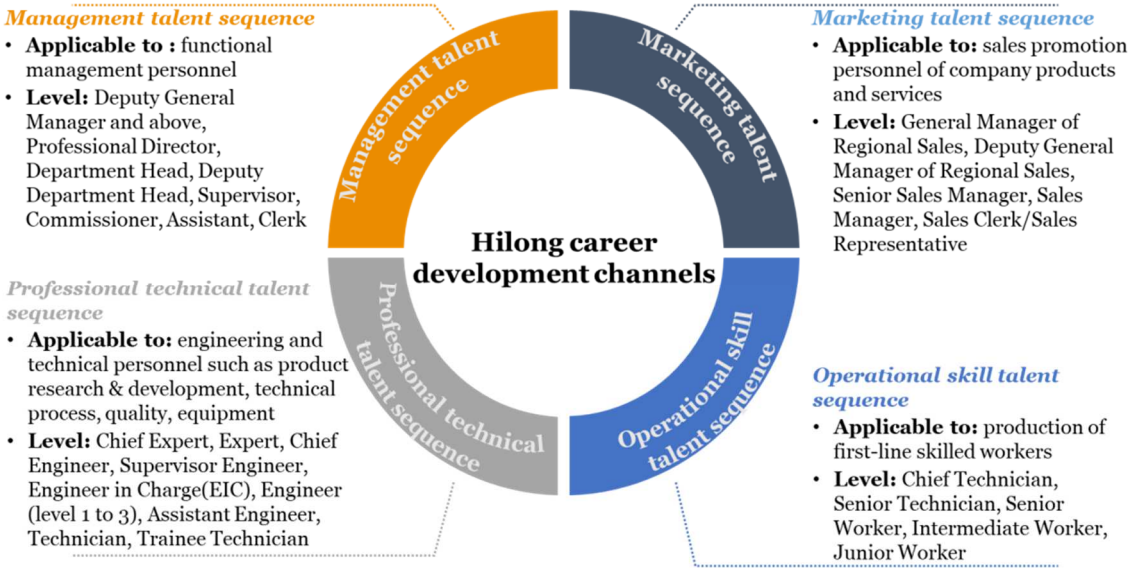

During the Reporting Period, the average training hours completed per employee, categorized by gender and employee type, are as follows:

| B3.2 Average Training Hours | | 2025 | 2024 | Unit |
|---|---|---|---|---|
| **Average Training Hours per Employee** | | 22.2 | 22.8 | Hours |
| **Gender** | Male | 22.3 | 23.0 | Hours |
| | Female | 20.7 | 21.5 | Hours |
| **Employee Category** | Senior Management | 21.9 | 21.6 | Hours |
| | Middle Management | 24.2 | 30.2 | Hours |
| | Employees | 22.0 | 22.2 | Hours |



### 3.2.2 Transparent Promotion Channels

In terms of employee promotion, we have set clear career development channels, helping and motivating employees to continuously realize their professional and personal values. We divide our employees into two talent categories and four talent sequences and provide appropriate career development and promotion channels for all of them.




At the same time, based on the Performance Appraisal and Management Policy (《绩效考核管理制度》), Hilong implements annual employee performance appraisal and reviews employees' development potential. The appraisal results are taken as the basis of grade and salary adjustments. For employees of different positions and grades, the Group has formulated policies such as the Implementation Measures on Level and Compensation Appraisal and Adjustment for Employees below Departmental Heads of the Group (《集团部门长以下员工职级及薪酬核定调整实施办法》), the Management Measures for Accreditation and Appointment of Professional and Technical Personnel (《专业技术人员任职资格评审及聘任管理办法》) and the Management Measures for Skill Rating of Frontline Production Operators and Appointment of Technicians (《一线生产操作员工技能等级评定及技师聘任管理办法》), continuously standardizing the management of employee grade adjustments and giving employees fair remuneration and clear career development channels.

### 3.3 Optimizing Compensation and Benefits

#### 3.3.1 Transparent Compensation System

Hilong strictly abides by the laws and policies regarding employment, remuneration, social insurance, etc. of the countries or regions where it operates, including but not limited to:

- Social Insurance Law of the People's Republic of China (《中华人民共和国社会保险法》);
- Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社会保险费征缴暂行条例》);
- Trial Measures for Maternity Insurance for Enterprise Employees (《企业职工生育保险试行办法)》;
- Regulations on Unemployment Insurance (《失业保险条例》);
- Regulations on Work-related Injury Insurance (《工伤保险条例》);
- Regulations on the Administration of Housing Provident Funds (《住房公积金管理条例》); and
- Provisions on Minimum Wage (《最低工资规定》).

Our Group has established competitive compensations system to ensure that the average salary of all employees are at the upper and middle levels in the market, and the salary of key core positions are at the leading level in the market. The Group has formulated the Management Measures for Management Personnel Compensation of the Group (《集团管理序列人员薪酬管理办法》), Implementation Measures on Level and Compensation Appraisal and Adjustment for Employees below Departmental Heads of the Group (《集团部门长以下员工职级及薪酬核定调整实施办法》) and other management policies to improve and perfect the compensation distribution system. In accordance with the Group's principle "Equal Pay for Equal Work, Fairness and Reasonableness, Incentive and Ease of Operation", a dual-channel compensation system for management and professional technical positions is implemented.

In order to motivate employees and give rewards and punishment according to the actual situation, Hilong has formulated the Annual Evaluation Fulfilment Measures on Group, Business Division (Specialized Company) and Subsidiary Management (《集团、事业部（专业公司）及分/子公司管理层年度考核兑现办法》), strengthened the link between the management's compensation, profit and completion ratio and established a compensation management system focusing on "Position, Ability and Performance".

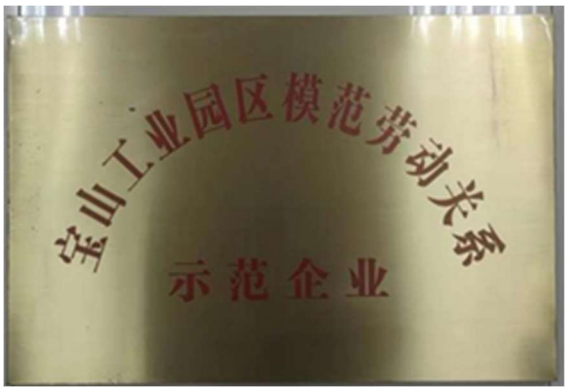
### 3.3.2 Comprehensive Welfare Guarantee

The Group regards employees as critical assets and keeps working to improve employees' welfare support system. With the support of the Trade Union, Hilong has established a multi-level protection system covering commercial insurance, internal mutual assistance, superior condolences, and an emergency fund. All employees are entitled to free critical illness medical insurance and employee mutual assistance insurance. The Group has also set up the "Haizhou Critical Illness Fund" to provide emergency financial support for employees facing financial difficulties due to illness, ensuring their basic medical needs are met. We maintain close communication with the higher-level Trade Union and conduct unified consolation visits every year to assist families of employees who are impoverished due to illness or facing living difficulties, thereby conveying the care and support of the organization. To enhance the employee annual health examination experience, the Company strictly selects medical examination institutions and provides centralized dedicated shuttle services for employees with transportation difficulties, solving their travel issues and ensuring the convenience and accessibility of employee health management.

The Group has established the Management Measures for Overseas Posting Allowances and Subsidies of Hilong Group (《海隆集团驻外津补贴管理制度》) to standardize the compensation management of overseas employees and improve an income distribution mechanism that is both internally motivating and externally competitive. The measures cover overseas posting allowances, meal subsidies, transportation subsidies, and annual leave compensation, forming a unified and transparent management framework.

The Group, with harmonious and stable labour relations and well-protected employees' rights and interests, was awarded the honorary plaque of "Standard Enterprise with Harmonious Labour Relations in Shanghai" by the Shanghai Human Resources and Social Security Bureau and Shanghai Federation of Trade Unions in conjunction with relevant associations, as well as that of "Demonstration Enterprise for Exemplary Labour Relations of Baoshan Industrial Park" by the Management Committee of Baoshan Industrial Park.




**"Standard Enterprise with Harmonious Labour Relations in Shanghai" and "Demonstration Enterprise for Exemplary Labour Relations of Baoshan Industrial Park" Honorary Plaque**

### 3.3.3 Wonderful Staff Activities

For over twenty years, the corporate culture of “Unity, Openness, Perseverance and Loyalty” has continuously guided the Hilong’s growth and development. These values have been deeply integrated into Company’s business operations and management. Among these, cultural activities serve as one of the most important ways to embody and showcase Hilong’s values and spirit. During the Reporting Period, we successfully organized several major corporate cultural events, including the “March 8 Goddess Festival (Women’s Day)” Creative Care Event, the 3rd Hilong Employee Skills Competition, the Online Short Video Sharing Campaign themed “This Summer, Who Is the Most Lovable Hilong Person”, the 6th Hilong Group Sports Games, and the Farewell Ceremony for Retiring Employees. These activities provided a platform for employees to demonstrate their skills, communicate with each other and engage in learning opportunities. Meanwhile, we encourage our business divisions and subsidiaries to carry out team-building activities, to enrich the spiritual and cultural life of employees and lay the foundation for closer cooperation among team members.

**“March 8 Goddess Festival (Women’s Day)” Creative Care Event**

In March 2025, Hilong Group simultaneously held the “March 8 Goddess Festival (Women’s Day)” Creative Care Event at its Shanghai headquarters and all subsidiaries, covering all female employees of Hilong. The activity combined offline interaction with online dissemination. Through creative role-playing, flower blessings, and digital human video showcase, the Group expressed respect and care for its female employees. The event was widely promoted through the enterprise WeChat platform, creating a warm and joyful festive atmosphere. It also fully demonstrated the Group’s cultural philosophy of “openness and diversity”, while enhancing employees’ sense of belonging and pride.




**“March 8 Goddess Festival (Women’s Day)” Creative Care Event**

## Hilong Group's 3rd Employee Skills Competition

In June 2025, Hilong Group successfully held the 3rd Employee Skills Competition at its Shanghai headquarters and branch venues. More than 60 frontline skilled employees from various business divisions and subsidiaries participated in the event. With the theme of “Digital Era, Innovation and Collaboration, Skills Leading the Future”, the competition focused on three major categories: forklift operation, electrical maintenance, and CNC lathe operations. It also incorporated new digital skills and processes. For the first time, the competition featured full-process visualization of electromechanical automation projects, which became one of the highlights. The event effectively played the role of “promoting learning and practice through competition”, significantly improving employees’ skill levels, stimulating their enthusiasm for technical research and excellence, and continuously fostering an atmosphere of "competing, learning, surpassing". It further strengthened Hilong’s corporate culture of valuing skilled talents and advocating the spirit of craftsmanship.





**Hilong Group's 3rd Employee Skills Competition**

## Hilong Group 6th Sports Games

In October 2025, Hilong Group successfully held its 6th Sports Games at the Shanghai headquarters, with more than 600 employees participating enthusiastically. Themed “Deep Integration of Sports Competition and Hilong Culture”, the event featured athletics, ball games, team events, and fun parent-child activities. For the first time, picture live-streaming technology was introduced to enhance on-site interaction and online dissemination. The Sports Games fully integrated the Group’s four core cultural values — “Unity, Openness, Perseverance and Loyalty” — vividly demonstrating the corporate spirit through scenes of athletic competition and collaboration. The event not only enriched employees’ cultural life outside work but also further enhanced their sense of belonging and cultural identity, becoming an important carrier for embedding corporate culture into practice.





**Hilong Group 6th Sports Games**

As an international company with industries and employees spread across the globe, Hilong has built a global employee connectivity platform through its Enterprise WeChat. The “Voice Community” section provides employees with a channel to initiate topics, share updates, and interact with each other. In 2025, Hilong employees spontaneously posted more than 176 topics, covering diverse scenes such as Chinese New Year greetings, the March 8 Goddess Festival (Women’s Day) activities, skills competitions, and the Sports Games. Enterprise WeChat has not only witnessed the vibrant practice of Hilong’s corporate culture but also reflected the Group’s people-oriented management philosophy of caring for its employees.

### 3.4 Safeguarding Safety and Health

At Hilong, protecting employees' occupational health and life safety is one of our most important responsibilities. We strictly comply with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中华人民共和国职业病防治法》) and the Fire Protection Law of the People's Republic of China (《中华人民共和国消防法》). A number of the Group's subsidiaries have obtained relevant certification of the ISO 45001 occupational health and safety system. We set up an Occupational Health, Safety and Environmental Protection Committee ("**HSE Committee**"), which has the HSE Management Office as one of its subsidiaries, to manage the Group's health, safety and environmental protection issues. Also, we summarize the safety achievements of each division in the previous month and our HSE work priorities for the following month at our regular meetings on a monthly basis. The Group regularly conducts holistic and comprehensive safety inspections on its subsidiaries to identify and analyze potential safety risks in their technological processes, production operations, equipment and facilities, working environment, fire safety, use of hazardous chemicals, occupational health and safety management, personnel behavior, and management system, etc., with targeted rectification suggestions proposed to eliminate potential safety hazards in production processes in a timely manner.

During the Reporting Period, to further improve the overall HSE management at all levels of the Group, Hilong has revised and updated the Compilation of HSE Management Systems of Hilong Group (《海隆集团 HSE 管理制度汇编》), primarily adding and modifying the Major Accident Hazard Management System (《重大事故隐患管理制度》), to further prevent and control occupational diseases and work-related accidents, and implement environmental protection. The Compilation serves as a practical basis for the Group to establish a unified and standardized safety management system and lays a solid foundation for Hilong to implement its HSE policies and realize its HSE goals.

| **HSE Policies:** |
| --- |
| ● People Oriented, All Staff Participation, Scientific Management, and Sustainable Development |
| **HSE Goals:** |
| ● Pursuing No Accident, No Injury and No Pollution to Create First class HSE Performance |

The Group promptly tracked the reasons, strengthened the supervision of safety hazards and implemented improvements. Besides, the Group also improved the relevant management systems, and further strengthened employee safety awareness training and safety operation assessments. During the Reporting Period, the number of lost working days of the Group was 0 (2024: 90) days and the injury rate of million working hours was 0 (2024: 0.47). The Company has appropriately adjusted the workload of the injured employee to help her recover work capacity more quickly. Immediate safety inspections have been conducted in the workplace to identify and eliminate potential safety hazards. In the past three years, the Group never had any work accident that involved employee fatality.

### 3.4.1 Prioritizing Production Safety

Production safety is the foundation and prerequisite of business operations. Hilong is committed to the production safety policy of "Putting Safety and Prevention First, and Governing in a Comprehensive Manner" and takes robust measures to protect the lives and properties of all parties. We strictly adhere to the Work Safety Law of the People's Republic of China (《中华人民共和国安全生产法》) and we have built up a robust safety production management framework comprising a range of safety systems and have enhanced the standardization of production safety for better management of production safety and fewer safety accidents.

We have established a system for inspecting production safety hazards, striving to make it everyone's responsibility, including principal personnel in charge and general staff, to inspect, manage, prevent and control hazards. Based on local laws and regulations as well as the needs and features of production safety, we adopt such different approaches to inspect hidden hazards as comprehensive, specialized, seasonal, holiday and daily inspections. For the hazards inspected, we carry out special treatments and reassess the treatment results to fully eliminate risks. During the Reporting Period, business divisions and subsidiaries of the Group organized a total of 124 safety inspections throughout the year, identifying 1097 general safety hazards, including safe production operations, environmental protection, factory appearance and hygiene, construction operations, and canteen gas safety, etc. Each company responded proactively, ensuring timely rectifications, achieving a 93% correction completion rate, thereby promptly eliminating a number of safety hazards and accidents.

**Safety Production Anti-Violation Action**

In 2025, the Group focused on high-risk operation scenarios and deepened the Anti-Violation Action. Special inspections were conducted every quarter. Subsidiaries implemented targeted plans through on-site patrols, monitoring spot checks, and surprise night inspections. At the execution level, the Anti-Violation Action has formed a closed-loop management mechanism of "investigation and punishment, notification, rectification, and re-inspection", which significantly improved the control effectiveness of high-risk operations. The number of violations throughout the year decreased substantially, directly contributing to the Group's achievement of "zero safety accidents" and representing a fundamental improvement compared to the previous year when accidents caused by violations still occurred.

**Newly Added "Office Electrical Safety Management Measures"**

In 2025, the Group established and implemented the "Office Electrical Safety Management Measures". The measures comprehensively standardize daily electricity usage behavior in office areas, with a core focus on preventing fire and electric shock risks. The Measures explicitly prohibit the use of old or damaged power strips, series-connected power strips, overloaded high-power electrical appliances, and unauthorized wiring. Power is also required to be switched off after work. In addition, the Measures mandate the establishment of equipment list, ensuring 3C certification, dedicated use of sockets, and immediate power cut-off and repair reporting for any abnormalities. A responsibility mechanism has been established, with the HSE Department taking primary responsibility, departments conducting regular self-inspections, and the Company carrying out special inspections along with assessment, rewards, and punishments. These initiatives have further improved the Group's safe production and compliance management framework, effectively safeguarding employees' lives and the Company's property.

To involve all employees in safety risk prevention and control while strengthening their awareness of responsibility for safety, Hilong introduced the Safety Training Observation Program ("**STOP Card**") in 2022. During the Reporting Period, the "STOP Card" was promoted across the Group, and the related program was continuously optimized.

**Sustained Promotion of the "STOP Card" Application in Hilong**

The "STOP Card", originally proposed by a US-based company, DuPont, can identify unsafe behaviors of employees and unsafe state of objects with the participation of all employees, so as to prevent accidents through real-time risk identification. In 2025, Hilong Group continued to deepen the promotion of STOP Card's application (Safety Training Observation Programme, "STOP Card"), building a safety production management system characterized by "full participation, closed-loop control, and risk pre-emption." Through a closed-loop mechanism of "monthly reporting + quarterly inspection + immediate rectification," as well as special training and on-site guidance, the Group comprehensively enhanced employees' safety awareness and encouraged frontline employees to proactively identify and report potential risks. Throughout the year, more than 240,000 STOP Cards were collected from employees, covering various operational scenarios and achieving full coverage of risk identification. The Group also established a reward mechanism to recognize employees who effectively identify major hazards, further stimulating the enthusiasm of all staff to participate. The management model formed through the promotion of STOP Card successfully prevented a large number of potential safety risks at the budding stage, effectively reducing the probability of accidents. This helped the Group achieve the goal of "Zero Safety Production Accidents" in 2025 and promoted the deep implementation of safety culture at the grassroots level.

Hilong conducts safety education training on an annual basis for management, department managers and operators to enhance their safety awareness. During the Reporting Period, Hilong carried out a company-wide Fire Safety Education and Training Program, which comprehensively improved the safety skills and enriched the safety knowledge of relevant personnel.

**Company-wide Fire Safety Education and Training Program**

In November 2025, Hilong launched a comprehensive fire safety education and training program to effectively implement the fire prevention principles of "Safety First, Prevention-Oriented and a Combination of Prevention and Firefighting." The initiative aimed to enhance fire safety awareness among employees working in high-rise buildings, strengthen fire prevention, emergency response, self-rescue and evacuation skills to improve the Company's four key fire safety capabilities. The training was conducted simultaneously online and offline, with a total of 340 participants. Employees attended centralized online training sessions in meeting rooms across subsidiary companies, followed by a unified examination upon completion to reinforce critical knowledge and skills.



**On-Site Fire Safety Education and Training**

In addition, the Group continuously strengthens the production safety and occupational health control of contractors, suppliers and other parties. We also incorporate them into internal management and further standardize the system and process of pre-qualification, selection, training of operators, supervision and inspection of operation, provision of products and services, and performance evaluation. We have established a list of qualified contractors and regularly maintain it to take effective control measures on identified safety risks of services.

In the event that a safety incident does occur, Hilong will strictly follow the Incident and Accident Control Procedures (《事件事故控制程序》) to handle the situation appropriately and ensure a quick response through hierarchical reporting, establishing an accident investigation team, releasing an investigation report, making an imputation based on the investigation results. We will also learn from it timely by preparing an accident analysis report and making announcement to learn lessons, so as to avoid the recurrence of similar incidents.

### 3.4.2 Protecting Occupational Health

Hilong attaches huge importance to employees' occupational health and is committed to creating a safe and favorable working environment for them. Hilong has established an occupational health management institution, developed an occupational health management system and formulated an occupational disease prevention plan and implementation strategy. We have developed and strictly follow the Occupational Health Management Policy (《职业健康管理制度》) and other management procedures to standardize the management of our employees' occupational health. According to the Administrative Regulations on Periodic Testing of Occupational Disease Hazards by Employers (《用人单位职业病危害因素定期检测管理规范》), Hilong yearly conducts a comprehensive inspection on work sites where the occupational disease hazards exist. If the concentration or intensity of occupational disease hazard factors exceeds the limit of occupational exposure, we will develop plans and take immediate corrective actions.

For employees working in positions with high potential of occupational disease hazards, Hilong informs them of the hazards before they start work, and arranges health examinations before, during, and after their work. All examination results will be promptly recorded in the occupational health file and communicated to the employees to ensure that they fully understand their occupational health status. During the work process, Hilong regularly distributes labour protective equipment and ensures employees wear protective gear as required, effectively reducing the impact of the work environment on employee health. During the Reporting Period, we steadily advanced the "Standardization of Health Files" initiative and achieved phased results. By comprehensively reviewing employee health management processes, we realized the unified collection, classified archiving, and dynamic updating of information including physical examination data, occupational health surveillance records, and chronic disease management. This ensures the completeness and standardization of health records. In addition, in accordance with the requirements of the Occupational Health Management Policy (《职业健康管理制度》), the Group has clearly defined the establishment process, storage standards, access rights, and update frequency of health records, forming a unified basis for implementation. By the end of 2025, this work had been fully implemented across the Group. The standardized management has effectively improved the efficiency of occupational health management and the level of employee health protection.

We kept optimizing our prevention and control measures for occupational hazards in production. In the friction welding automation transformation project, we replaced the traditional polishing rust removal process with a safer and more environmental friendly laser rust removal, which not only completely eliminates the occupational health hazards of the traditional process but also alleviates the problem of environmental pollution in the plant. To address the occupational health hazards of dust, Hilong installed online dust detection devices, spark detectors, explosion-proof valves, automatic fire extinguishing sprinklers, and other safety devices at the relevant locations of the dry dust removal system following the Safety Regulations on Dust Explosion Prevention for Industrial and Trade Enterprises (《工贸企业粉尘防爆安全规定》) and the Safety Regulations for Dust Explosion Prevention and Protection (《粉尘防爆安全规程》) to thoroughly prevent safety accidents. In response to national environmental protection requirements and employee occupational health protection initiatives, Hilong has adopted the core principle of "Source Reduction, Process Control, and End-of-Pipe Treatment," focusing on dust and noise control to systematically promote special dust and noise reduction projects. During the Reporting Period, Shanghai Drill Pipe covered key production areas and core processes. Through technical upgrades, facility renovations, and standardized management, the Company comprehensively improved the working environment for employees and enhanced the comfort and safety of the production site. In 2025, the Company successfully completed its annual dust and noise reduction tasks, laying a solid foundation for continuously improving environmental management and employee health protection. In addition, Hilong pays attention to health education and training for all employees by regularly conducting occupational health training to popularise knowledge on the prevention and treatment of occupational diseases and labour protection, as well as information about healthy lifestyles, disease prevention, and mental health.

### 3.4.3 Strengthening Emergency Response

Hilong has established a sound emergency response mechanism in compliance with the National Emergency Response Plan for Environmental Incidents (《国家突发环境事件应急预案》). It has formulated enterprise-level specialized emergency response plans based on the HSE Management System of Hilong Group (《海隆集团 HSE 管理制度》), and other internal regulations for major emergencies such as leakage, fire, and explosion in the production and storage of hazardous chemicals and special hazard mediums. Guided by the mechanism, the Group conducts emergency response drills annually to constantly enhance the emergency awareness and hands-on capabilities of staff and extract corresponding corrective measures from the drill results to continuously improve emergency management capabilities.

To reduce potential accidents in the workplace and production process, such as the short circuit of power cables and equipment, which may easily result in casualties, the Group has compiled the Exercise Plan for On-site Electric Shock Response (《触电事故现场处置演习方案》). During the Reporting Period, the Group conducted on-site exercises for such scenarios for a timely and effective emergency response to electric shock incidents. Moreover, during the Reporting Period, Hilong organized the 2025 Fire Drill to strengthen employees' emergency response capabilities in case of fire and other emergencies.

**Fire Drill**

In November 2025, the Group headquarters building conducted a fire drill to strengthen fire safety awareness and emergency evacuation practice. The event included fire safety knowledge training, practical drills, and hands-on fire extinguisher operation, enabling employees to familiarize themselves with firefighting equipment and master emergency evacuation procedures in the event of a fire. By simulating real-life fire scenarios, employees were equipped with the skills necessary for self-rescue and mutual aid, ensuring a quick and effective response in an actual emergency. This initiative significantly enhanced employees' fire safety awareness and evacuation capabilities.



**Fire Drill On-Site Activities**

## 4. Green Operation for Better Ecosystem

Hilong is committed to environmental protection and energy conservation. We keep pursuing clean production for the goal of zero environmental pollution. We are dedicated to working with international institutions to achieve net-zero emissions by 2050 and implementing the philosophy of sustainable development to gradually reducing emissions. In our daily operations, the consumption of natural resources remains relatively low and we have not caused any significant environmental impact.

The Group strictly complies with the laws and regulations of the countries or regions in which it operates, including but not limited to:

- the Environmental Protection Law of the People's Republic of China (《中华人民共和国环境保护法》);
- the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中华人民共和国大气污染防治法》);
- the Law of the People's Republic of China on Prevention and Control of Water Pollution(《中华人民共和国水污染防治法》);
- the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中华人民共和国固体废物污染环境防治法》);
- the Law of the People's Republic of China on Prevention and Control of Noise Pollution (《中华人民共和国噪声污染防治法》);
- the Environmental Impact Assessment Law of the People's Republic of China (《中华人民共和国环境影响评价法》);
- the Regulations on Environmental Protection Management of Construction Projects (《建设项目环境保护管理条例》); and
- the Catalogue of Classified Management for Environmental Impact Assessment of Construction Projects (《建设项目环境影响评价分类管理名录》).

During the Reporting Period, there were no major non-compliance incidents related to environmental laws and regulations that could significantly impact the Group.

Meanwhile, under the guidance of the "People-oriented, Health Priority, Safety First, and Leading in Environmental Protection" policy, Hilong continuously improves its environmental management system, reduces emissions, waste generation and resource consumption, enhances environmental sustainability, minimizes its impact on the environment and natural resources, and insists on the efficient use of energy resources in accordance with the ISO 14001/GB/T 24001 Environmental Management System Requirements and Usage Guidelines (《ISO 14001/GB/T 24001 环境管理体系要求及使用指南》) and the Hilong Holdings' Environmental Protection and Energy Conservation Management System (《海隆控股环保节能管理制度》). A number of the Group’s subsidiaries have already obtained the ISO 14001 environmental management system certification, and its core enterprise, Shanghai Drill Pipe, has even been listed as a Shanghai Green Manufacturing System Demonstration Unit.

Hilong will continue its efforts for the proactive protection of natural resources and environmental governance. For this purpose, Hilong will integrate green solutions into the Group’s existing business through the exploration of clean energy projects and the innovation of green, energy-saving materials. By doing so, Hilong will shoulder its corporate responsibilities in realizing the national goal of "carbon peaking and carbon neutrality", working with international institutions to achieve net-zero emissions by 2050, as well as tackling climate change on a global scale.

## 4.1 Green Product Research and Development

Upholding the green development concept of "Innovation, Green Development, Openness, and Sharing", the Group has developed its own research and development capabilities. During the Reporting Period, some of our products made technical breakthroughs, advancing the implementation of green and low-carbon application solutions. These innovations have received external recognition and are expected to help the industry achieve production that is more environmentally friendly, more efficient and more secure.

**Shanghai Drill Pipe Won "Top 10 Most Promising Green and Low-Carbon Application Scenarios Award" of Baoshan District**

In April 2025, Shanghai Drill Pipe won the "Top 10 Most Promising Green and Low-Carbon Application Scenarios Award" of Baoshan District for its "Waste Heat Recovery from Gas Heat Treatment Flue Gas" project at the Baoshan District Green and Low-Carbon Benchmark Scenarios Release Event and the First Employee Green and Low-Carbon Technology Innovation Competition. The project has implemented green and low-carbon application solutions, effectively utilizing the heat from the exhaust gas of gas-fired heating furnaces to reduce energy consumption and lower carbon emissions. This initiative has enabled Shanghai Drill Pipe to adopt a more environmentally friendly and efficient production model.




**"Top 10 Most Promising Green and Low-Carbon Application Scenarios Award"**

## 4.2 Efficient Utilization of Resources

To deliver on Hilong's transformation strategy of "developing into a world's leading manufacturer and service provider of oilfield equipment", we work on shifting to a more efficient and leaner model of production and operation. Also, we strictly comply with policies, goals and commitments on health, safety and environment protection during production and operations, and fulfill the requirements of sustainable development on energy conservation and clean production.

### 4.2.1 Energy Resource Utilization

The energy used by Hilong mainly includes natural gas used in the production, petrol and diesel consumed by forklifts, electricity used in production, office and life in the factory, as well as natural gas, diesel, petrol and electricity used in the drilling process of oilfield service and marine engineering services.

Hilong strictly abides by the relevant laws and regulations of countries or regions where it operates, for example, the Energy Conservation Law of the People's Republic of China (《中华人民共和国节约能源法》). We have developed our own Environmental Protection and Energy Conservation Management Policy (《环保节能管理制度》) to standardize the management of energy conservation within the Group. Each division has set up an energy office and formulated its own energy-saving targets and related implementation plans to improve energy efficiency and reduce total energy consumption by vigorously promoting green office and green production. During the Reporting Period, we carried out an energy-saving renovation of the headquarters office building in Shanghai by upgrading the entire lighting system to LED energy-saving lamps. At the same time, the Company's photovoltaic power generation project has been operating stably, generating a cumulative total of 10.46 million kWh of electricity throughout the year. The generated electricity is directly used to supplement production, operations, and office electricity needs, replacing an equivalent amount of traditional grid power. This not only reduces dependence on external fossil fuel-based electricity and lowers carbon emissions during energy use, but also optimizes the energy structure towards a greener profile. In addition, through self-generation and self-consumption, the project effectively reduces electricity costs, achieving dual benefits of "energy saving and carbon reduction + economic returns". It represents an important practical achievement of the Group in implementing green development concepts and advancing energy conservation and consumption reduction. In 2025, the photovoltaic project system saved approximately 3,140 tons of standard coal equivalent annually and reduced carbon dioxide emissions by approximately 8,173 tons per year. The Company as a whole, saved approximately 1,742 tons of standard coal equivalent annually and reduced carbon dioxide emissions by approximately 4,534 tons per year.



**Panoramic View After Photovoltaic Installation**

During the Reporting Period, the direct/indirect energy consumption in total and intensity are shown below:

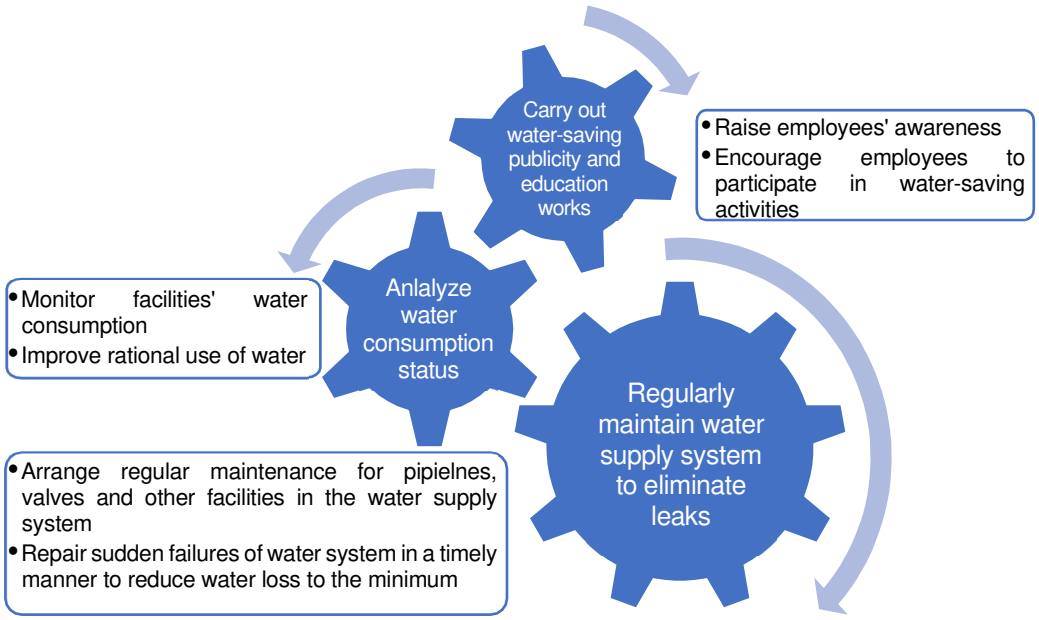
| A2.1 Energy | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Natural gas** | 168 | 207 | 606 | 10,000 $m^3$ |
| **Diesel** | 8 | 11 | 86 | Tonnes |
| **Gasoline** | 5 | 6 | 20 | Tonnes |
| **Liquefied gas** | 4 | 5 | 5 | Tonnes |
| **Total direct energy consumption** | 18,372 | 22,607 | 66,888 | MWh |
| **Electricity** | 20,751 | 23,003 | 44,506 | MWh |
| **Total indirect energy consumption** | 20,751 | 23,003 | 44,506 | MWh |
| **Total energy consumption** | 39,123 | 45,610 | 111,394 | MWh |
| **Energy consumption intensity** | 8.0 | 9.8 | 26.2 | MWh/million RMB revenue |

Note: Total energy consumption is calculated based on the consumption of natural gas, diesel, gasoline and liquefied gas and the amount of electricity purchased. Conversion factors come from Appendix 1: default values of fossil fuel and Appendix 2: default density of fuel oil of the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Mechanical Equipment Manufacturing Enterprises (《机械设备制造企业温室气体排放核算方法与报告指南》) issued by the NDRC.

### 4.2.2 Water Resource Utilization

Hilong uses municipal water and applicable local water sources, and did not encounter any difficulty in sourcing water during the Reporting Period. We strictly abide by relevant laws and regulations of countries or regions where we operate, including but not limited to the Water Law of the People's Republic of China (《中华人民共和国水法》). By formulating and perfecting the Environmental Protection and Energy Conservation Management Policy (《环保节能管理制度》) and Management Rules on Water Utilisation (《用水管理制度》), the Group strives to ensure that its water usage and water conservation work are carried out in an effective and orderly manner.

Our water conservation initiatives include, but are not limited to:




In 2025, we upgraded the water-saving sanitary ware at the headquarters office building in Shanghai by replacing all sanitary wares in washing rooms with water-saving ones, which is expected to save up to 900 tonnes of water per year.

During the Reporting Period, the Group's water consumption in total and intensity are shown below:

| A2.2 Water | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Water consumption** | 30,554 | 68,721 | 105,096 | Tonnes |
| **Water consumption intensity** | 6.3 | 14.7 | 24.7 | Tonne/ million RMB revenue |

### 4.2.3 Packaging Material Utilization

The packaging materials used by Hilong primarily include packing frames, iron packing belts, wooden cases and paper cases, etc. For packaging materials that meet the conditions for recycling and reuse, we proactively carry out recycling operations to reduce unnecessary consumption of resources.

During the Reporting Period, the total amount and intensity of packaging materials used in the Group's finished products are shown below:

| A2.5 Packaging Materials | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Packaging materials consumption** | 86.8 | 102.6 | 273.8 | Tonnes |
| **Packaging materials intensity** | 17.8 | 22.0 | 64.4 | kg/million RMB revenue |

## 4.3 Implementation of Emission Management

Hilong is committed to sustainable management throughout its operation and upholds emission management with environmental standards above national and local standards. “No Pollution” has long been set as one of our HSE goals. We are dedicated to working with international institutions to achieve net-zero emissions by 2050 to gradually reducing emissions. The Group regularly invites and cooperates with local environmental supervision department to test its emissions, thus ensuring the compliance. To raise awareness of emission management within the Group, Hilong has set up specific environmental protection indicators and incorporated them into the assessment system for each business division and its leading members. Meanwhile, the Production Safety and Environmental Protection Department of the Group conducts a unified yearly inspection of all production units in Shanghai, monthly inspections of the Baoshan Industrial Zone, and unscheduled on-site inspections on emission management. It also requires the Safety and Environment Offices of subsidiaries to conduct independent environmental inspections to ensure up-to-standard discharge.

### 4.3.1 Waste Gas and Wastewater

Hilong's waste gas emissions mainly include nitrogen oxides (“$NO_x$”) and sulfur dioxide (“$SO_2$”) from natural gas combustion in boilers for pipe heating, and particulate matter produced during the natural gas combustion process in heat treatment. We strictly comply with the relevant laws and regulations and have set up corresponding purification treatment equipment in process links that can generate exhaust gas, collect and process the generated exhaust gas, and only discharge them into the atmosphere after making sure they reach the emission standard.

Wastewater generated from Hilong includes domestic wastewater, production wastewater from general production processes and oilfield services. Hilong discharges domestic wastewater directly into the municipal sewage network. General production wastewater is recycled without external discharge, and wastewater generated by oilfield services is treated in accordance with the laws and regulations of the jurisdictions where they are located to ensure that discharges are in compliance with regulations. Hilong and its subsidiaries all have the Permit to Discharge Urban Sewage into the Drainage Networks (《城镇污水排入排水管网许可证》), ensuring that the number and location of drains, water discharge, variety and concentration of major pollutants discharged, etc. comply with the Regulations on the Administration of Pollutant Discharge Permits (《排污许可管理条例》) and the Urban Drainage and Sewage Treatment Regulations (《城镇排水与污水处理条例》) and other relevant regulations.

During the Reporting Period, the types of wastewater and waste gas related emissions generated by the Group and the emission data are shown below:

| A1.1 Emissions | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Volatile Organic Compounds ("VOCs")** | 0 | 0 | 0.5 | Tonnes |
| **$NO_x$** | 2.0 | 1.2 | 4.1 | Tonnes |
| **$SO_2$** | 0.22 | 0.17 | 0.87 | Tonnes |
| **Particulate Matter** | 0.2 | 0.1 | 4.8 | Tonnes |
| **Wastewater** | 24,977.0 | 59,395.3 | 85,867.0 | Tonnes |

Note: During 2025, the Group experienced a significant increase in NOx and particulate matter emissions due to reduced combustion efficiency caused by fewer production orders and operating days and deviations in process conditions from the optimal range resulting from adjustments in product structure.

### 4.3.2 Greenhouse Gases

Greenhouse gas emissions are measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Under this standard, greenhouse gas emissions are categorized into three scopes:

- Scope 1 — Direct emissions from company operations, including stationary sources, mobile combustion sources (covering land, air and marine transport), refrigerants (including hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs)), and deductions for removals from newly planted trees.

- Scope 2 — Indirect emissions from energy use, primarily arising from electricity and town gas consumption.

- Scope 3 — Other indirect emissions generated by the entity's business activities but from sources not directly controlled by the entity.

The greenhouse gases covered include carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride ($SF_6$) and nitrogen trifluoride ($NF_3$). Based on our current operations, the Group's major emission is carbon dioxide, and such emissions are disclosed in metric tonnes of carbon dioxide equivalent ($tCO_2e$).

Hilong's greenhouse gas emissions primarily include fuel used in heat treatment processes, gasoline and diesel burning of vehicles, indirect emissions from energy use by purchased electricity, and other indirect emissions include waste paper disposal in landfills and employees traveling by air for business. Since greenhouse gas emissions mainly come from energy consumption, Hilong actively encourages green office and green production, carries out energy-saving renovation projects and adopts energy-saving measures to reduce energy consumption, thus reducing greenhouse gas emissions.

During the Reporting Period, the Group's greenhouse gas emissions in total and intensity are shown below:

| A1.2 Greenhouse Gases | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Scope 1: Direct emissions** | 3,688 | 4,532 | 13,449 | tCO2e |
| **Scope 2: Indirect energy emissions** | 12,001 | 13,596 | 27,019 | tCO2e |
| **Scope 3: Other indirect emissions (including Business travel (Category 6) and Paper consumption)** | 1,068 | - | - | tCO2e |
| **Total emissions** | 16,757 | 18,128 | 40,467 | tCO2e |
| **Emission intensity** | 3.4 | 3.9 | 9.5 | tCO2e/million RMB revenue |

Note 1: Greenhouse gas emissions are presented in CO2 equivalent. Greenhouse gas emissions from electricity purchased are calculated based on the electricity emission factors by the Announcement on the Release of the 2023 Electricity Carbon Dioxide Emission Factors (《关于发布 2023 年电力二氧化碳排放因子的公告》), while other accounting methods and conversion factors come from the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Mechanical Equipment Manufacturing Enterprises (《机械设备制造企业温室气体排放核算方法与报告指南》) issued by the National Development and Reform Commission.

Note 2: Intensity values are calculated by dividing the total emissions by the total revenue of applicable business. The total revenue for the 2025 and 2024 were RMB4,875.2 and RMB4,668.3 million respectively.

The measurement involves multiplying activity data from each emission source (e.g., fuel consumption under Scope 1, energy consumption under Scope 2 and flight distances for employee business travel under Scope 3, (category 6) and paper consumption) by the corresponding emission factors and global warming potential (GWP) values, where applicable. Activity data is obtained through the Group's data collection system, while emission factors and GWP values are sourced from international and local regulators, academic institutions and public utility organizations, and are updated as necessary. We have assumed that activity data, emission factors and GWP values remain consistent during the preparation of the ESG report, and that the ESG report preparers apply consistent methodologies and principles, thereby ensuring the comparability of emissions across reporting years and among different companies. In compliance with the *ESG Reporting Gode*, we quantified Scope 2 emissions using a location-based method and disclosed Scope 3 emissions in accordance with the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*.

With reference to the *Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework*, the *Greenhouse Gas Protocol* is one of the most commonly used global frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. It establishes five key principles — Relevance, Completeness, Consistency, Transparency and Accuracy — to ensure a true and fair representation of greenhouse gas emissions. Adoption of the *Greenhouse Gas Protocol* enables us to meet Listing Rule requirements and enhances the quality of our ESG reporting.

For Scope 2 emissions, the Group has not entered into any contractual instruments or arrangements with electricity suppliers. Therefore, supplier-specific emission factors are not applicable, and our measurement is based on emission factors commonly adopted in the regions where we operate.

Due to limitations in data collection, we have not yet been able to comprehensively gather all Scope 3 emission data applicable to the Group for disclosure. With reference to the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, business travel (Category 6) and paper consumption are applicable and material to us. We will strengthen engagement with relevant stakeholders and continue to improve our data collection system to obtain reliable data for timely disclosure. We believe that increasing regulatory requirements and growing public attention to ESG matters will facilitate the establishment of a more effective data collection system.

Except for Scope 3 emission data as a newly added item in the Year, we have not changed the methodologies, input data, or assumptions for greenhouse gas measurement, nor have any targets been revised during the Year.

### 4.3.3 General Solid Waste

The general solid waste generated by Hilong mainly includes domestic waste and general industrial waste from the production process. The Group reinforces the management of general solid waste in accordance with laws and regulations of where it operates, such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中华人民共和国固体废物污染环境防治法》), while being guided by the idea of "Full Coverage Based on Different Levels and Categories with Traceable Destination". We have formulated and refined the General Industrial Solid Waste Management Policy (《一般工业固废管理制度》) to optimize the classification system and clarify the main responsibilities of relevant units, thus forming a closed loop general solid waste management system that could cover the whole process of generation, storage, collection, utilization and disposal.

| General Solid Waste Category | Regulations/ Policies to Follow | Disposal Measures |
|---|---|---|
| **Domestic Waste** | ● Administrative Measures for Living Garbage of Shanghai (《上海市生活垃圾管理条例》)<br>● Management Measures for Environmental Sanitation within Hilong Industrial Park (《海隆工业园区环境卫生管理办法》) | ● Set up a domestic waste classification system to promote the classification of domestic waste<br>● Entrust the municipal environmental sanitation department to collect and dispose of the waste<br>● Actively implement the garbage classification and "Empty Plate Initiative" activities through various publicity methods, encouraging employees to reduce domestic garbage from the very beginning |
| **General Industrial Waste** | ● Waste Disposal Measures（《(海隆集团）废旧物资处理办法》） | ● Sell recyclable solid wastes, such as scrap steel pipes, to qualified enterprises for recycle and reuse<br>● Store other unrecyclable non-hazardous industrial wastes in a specific place and entrusts qualified professional organizations to deal with them |

During the Reporting Period, the total amount of non-hazardous wastes produced and their respective intensity are shown below:

| A1.4 Non-hazardous Waste | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Total non-hazardous wastes produced** | 239.5 | 381.2 | 1,010.1 | Tonnes |
| **Non-hazardous wastes intensity** | 0.049 | 0.082 | 0.238 | Tonnes/million RMB revenue |

### 4.3.4 Hazardous Waste

Hazardous waste generated by Hilong mainly includes oily wastewater and waste mineral oi, etc. The Group has assigned storage sites to store hazardous wastes and employed qualified professional bodies for unified treatment. We use closed pipes for material transportation during batch feeding. Such measures could significantly reduce employees' frequency of touching materials and thus the volatilization of organic compounds, while helping to reduce the hazardous waste generated during production.

Hilong strictly adheres to the Technical Policy on the Prevention and Control of Hazardous Waste Pollution (《危险废物污染防治技术政策》), the newly revised Standard for Pollution Control on Hazardous Waste Storage (《危险废物贮存污染控制标准》) (GB 18597-2023) and the Technical Specification for Setting Identification Signs of Hazardous Waste (《危险废物识别标志设置技术规范》) (HJ 1276-2022), which clearly stipulate the positioning and construction, pollution prevention and control, and operation and management of storage facilities for hazardous waste, as well as the categories, content requirements and production methods of identification signs of hazardous waste. We updated Hilong's Hazardous Waste Management Policy (《危险废物管理制度》) and Hazardous Operations Management System (《危险作业管理制度》). We continuously implement the management work of hazardous waste, while implementing pollution prevention and environmental management for hazardous waste storage sites, and updating relevant identification signs.

During the Reporting Period, the total amount and intensity of hazardous wastes generated by the Group are shown below:

| A1.3 Hazardous Waste | 2025 | 2024 | 2023 | Unit |
|---|---|---|---|---|
| **Total hazardous wastes produced** | 41.5 | 48.9 | 125.1 | Tonnes |
| **Hazardous wastes intensity** | 0.009 | 0.010 | 0.029 | Tonnes/million RMB revenue |

## 5. Climate-related Disclosures

Through ongoing communication with stakeholders, we recognize that climate change has become one of the most critical ESG issues globally. The Group has made reference to the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures ("TCFD") and the *Guidance on Climate Disclosures* and the *Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework*, published by the Hong Kong Stock Exchange in November 2021 and April 2024, respectively, in overseeing Climate-related matters as well as preparing relevant disclosures. The disclosures are made across four thematic areas: "Governance," "Strategy," "Risk Management," and "Metrics and Targets".

### 5.1 Governance

Our ESG Governance Bodies cover climate-related matters within the oversight of Environmental, Social and Governance issues, with details set out in the "ESG Management Structure" section.

### 5.2 Strategy

Our ESG Governance Bodies identify climate-related risks and opportunities relevant to the Group through regular risk assessments (as disclosed in the Corporate Governance Report under the section "Risk Management and Internal Control"). Through conducting risk assessments, we assess the potential impacts of these risks and opportunities, thereby formulating appropriate response strategies and measures. These include considering and establishing indicators and targets applicable to the Group to monitor the impacts of climate change. By regularly comparing the achievement of current and prior indicators and targets, the Group evaluates the effectiveness of its climate change mitigation measures.

In the context of climate-related risks and opportunities, physical risks refer to the direct impacts of climate change, including acute risks triggered by extreme weather events and chronic risks arising from long-term shifts in climate patterns; transition risks refer to the potential risks that may emerge during the process of transitioning to a low carbon economy; climate-related opportunities represent the potential benefits arising from proactive responses to climate change.

We are implementing environmental protection measures to align our business with global sustainable development policies and international commitments (such as the "Hong Kong Climate Action Plan 2050" and the Paris Agreement), thereby reducing greenhouse gas emissions and enhancing climate resilience. However, given current data and resource constraints, we have not yet conducted climate scenario analyses in accordance with the latest ESG implementation guidelines. We are in the process of enhancing our climate governance framework and will, in due course, carry out specific climate scenario analyses, thereby formulating long-term plans and business strategies that will further support the Group's sustainable development.

#### 5.2.1 Risks and Opportunities

Climate change has become a global challenge, the impact of which on businesses is under increasing scrutiny. Extreme weather events, such as typhoons and floods, might occur at higher frequency, and post impacts towards the Group's normal operation. The Group has gained a deeper understanding of the risks and opportunities brought by climate change and has incorporated climate-related factors into its risk management system to identify potential climate risks that may impact its operations and development. Based on the definitions of physical risks, transition risks and opportunities, we have categorized the key climate-related risks and opportunities we primarily face, the affected assets and business activities, the relevant time horizons, the potential impacts, as well as the strategies we adopt to mitigate or adapt to these risks and opportunities, as set out below:

| Category | Affected asset or business activities – Amount and Percentage | Time Horizon | Description and Potential Impact | Mitigation / Adaptation Measures |
|---|---|---|---|---|
| Physical Risks | | | | |
| Extreme Weather (e.g., typhoons, heavy rainfall) | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Short Term | • Extreme weather threatens the safety and health of employees working offshore and in coastal areas, leading to reduced productivity.<br>• Oilfield facilities may suffer damage, impacting production and transportation.<br>• Supply chain disruptions could affect manufacturing operations.<br>• Office buildings and equipment may be damaged, resulting in asset losses. | • Enhance safety guidelines for typhoon, flood and tidal surge preparedness and conduct annual drills for emergency response.<br>• Implement an emergency response system and contingency plans to ensure rapid recovery of production after extreme weather events.<br>• Establish backup supply chain solutions to secure alternative sources in case of disruptions.<br>• Deploy protective measures around vulnerable equipment and facilities, with regular maintenance and inspections to minimize damage. |
| Extreme Heat and Drought | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Long term | • Rising temperatures affect equipment efficiency, increase cooling costs, and accelerate equipment aging.<br>• Employees may be unable to work outdoors for extended periods during hot seasons, impacting operational efficiency | • Utilize high-temperature-resistant materials and technologies to improve durability and operational efficiency of equipment.<br>• Provide shaded rest areas, distribute appropriate protective gear, and ensure sufficient drinking water supply. |
| Rising Sea Levels | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Long term | • Frequent flooding may occur due to rising sea levels<br>• Ocean acidification accelerates equipment corrosion, shortening lifespan and increasing maintenance and replacement costs. | • Improve equipment design to enhance adaptability to marine environments, reducing maintenance costs.<br>• Strengthen supply chain management to ensure multiple sources for critical materials. |

| Category | Affected asset or business activities – Amount and Percentage | Time Horizon | Description and Potential Impact | Mitigation / Adaptation Measures |
|---|---|---|---|---|
| Transition Risks | | | | |
| Policy and Legal Risks | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Stricter environmental and safety regulations introduced by the government increase compliance efforts for businesses, leading to higher compliance costs. | • Closely monitor changes in environmental laws and policies.<br>• Strictly comply with relevant regulations and actively participate in standard-setting processes.<br>• Enhance the company's low-carbon development and safety and environmental risk management standards. |
| Technological Risks | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Failure to identify and implement low-carbon technologies in a timely manner may result in lagging behind industry peers, affecting the efficiency of the low-carbon transition. | • Actively expand diversified green businesses.<br>• Develop low-carbon and energy-saving technologies to enhance the company's own R&D capabilities. |
| Market Risks | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Rising raw material and energy costs and increasing awareness of climate change reduce the demand for fossil fuels.<br>• Consumers may prefer low-carbon products and services, further impacting fossil fuel demand. | • Expand market development efforts and increase the proportion of external markets.<br>• Diversify business operations to reduce reliance on fossil fuel industries. |
| Reputation Risks | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • The market increasingly favors low-carbon concepts, leading to negative perceptions of industries, products, and companies associated with traditional energy.<br>• The pace of the company's low-carbon transition may not meet investor expectations. | • Steadily promote the company's green and low-carbon transformation to enhance sustainable development and actively address climate change.<br>• Engage with stakeholders, identify key issues and develop corresponding measures.<br>• Improve ESG disclosure standards and transparency to address stakeholders' concerns. |

| Category | Affected asset or business activities – Amount and Percentage | Time Horizon | Description and Potential Impact | Mitigation / Adaptation Measures |
|---|---|---|---|---|
| Opportunities | | | | |
| Use of new technologies or low emission energy | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Technology and energy transition present opportunities for the Group. The use of new technologies or low-emission energy can reduce emissions, improve energy efficiency, enhance sustainability performance and strengthen brand image and reputation. These measures not only support compliance with regulatory and market expectations but also deliver cost savings that improve operational efficiency and long-term competitiveness | • Collaborate with research institutions or suppliers to explore areas for applying low-carbon technologies and energy<br>• Identify opportunities and invest in adopting low-emission energy and new technologies<br>• Strengthen promotion of adopted low-carbon technologies to enhance market recognition and consumer trust |
| Access to new markets | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Market transition brings positive impact to the Group. Entering new markets can expand the customer base and revenue streams, enhancing the Group's profitability. Such transition also drives business growth and strengthens overall competitiveness | • Strengthen market research to understand demand for low-carbon products and services (including consumer preferences and regulatory requirements)<br>• Develop products and services that meet low-carbon standards<br>• Obtain policy support and incentive schemes<br>• Establish or expand partnerships |
| Resilience | All business segments – RMB 7,649 million (Representing 100% of total asset value) | Medium term or long term | • Enhancing preparedness for climate change in advance creates resilience opportunities for the Group. By identifying climate risks in advance, closely monitoring changes and taking appropriate actions, the Group can better withstand climate impacts, reduce operational disruptions, minimize asset losses | • Closely monitor climate change developments<br>• Strengthen climate risk identification and assessment<br>• Invest in infrastructure and technology to enhance disaster resilience<br>• Expand insurance coverage in susceptible areas |

| Category | Affected asset or business activities – Amount and Percentage | Time Horizon | Description and Potential Impact | Mitigation / Adaptation Measures |
|---|---|---|---|---|
| | | | and transition risks and provide greater stability for sustainable business development | • Develop disaster recovery and business continuity plans<br>• Strengthen collaboration with the supply chain |

### 5.2.2 Current and Expected Financial Impacts and Transition Plan

Taking into account the climate-related risks and opportunities identified above, as well as the Group's existing resources and operations, the Board and senior management have not, at this stage, identified any risks or opportunities that could result in significant and readily quantifiable financial impacts on the Group in the short and medium term, including impacts on cash flows, access to finance, or cost of capital, nor any that would require immediate transition measures. The long-term financial impacts cannot be reliably projected. Accordingly, the response and adaptation measures outlined above only reflect the Group's anticipated response to climate-related risks and opportunities. At present, there are no quantified figures or transition plans available for the purpose of disclosure, including capital commitments, financing activities, investments, or asset disposals. The Group will closely monitor and regularly review the existing climate-related risks, opportunities and strategies through ongoing risk assessments, and will formulate and implement transition plans as necessary to address risks and strengthen its competitiveness and sustainability.

### 5.2.3 Climate Change Response

The Group takes the initiative to tackle these challenges by taking climate-related risks into account in contract review and engineering operations. By taking a series of measures, such as preventing risks during contract review, resolving them during engineering operations, and providing relief upon completion of the operations, we strive to minimize the potential losses that may be caused by climate-related risks.

The subsidiaries of the Group have already formulated specific emergency plans based on local climate conditions, including the "Emergency Response Plan Compilation" (《应急预案汇编》) and the Disposal Scheme for Flood Prevention, Typhoon Prevention and Rainstorm (《防汛防台暴雨处置方案》) etc. and set up relevant leading groups for emergency handling, so as to ensure quick respond, effective control and proper treatment, when encountering extreme weather events. By integrating relevant training into daily work, Hilong also strives to strengthen its employees' knowledge reserve and capability related to extreme weather prevention and emergency handling.

**Typhoon and Flood Emergency Response Drill**

In July 2025, during the flood season, Hilong Group simultaneously conducted typhoon and flood prevention emergency drills at its headquarters and key coastal subsidiaries. The HSE Department, Emergency Management Team, safety officers from each subsidiary, and frontline employees participated together. The drills focused on high-risk scenarios that may arise from summer typhoons and heavy rainstorms, such as equipment flooding, power outages, and personnel being trapped. The exercise sequentially simulated warning activation (including issuing typhoon orange warnings and heavy rain red warnings, closing outdoor operation areas, reinforcing doors and windows of equipment, and transferring flammable and moisture-sensitive materials), emergency response (including organizing orderly evacuation of personnel to temporary shelters, rescuing simulated injured personnel, implementing sandbag sealing and waterproof covering for key facilities, and ensuring communication and material supply through power-off protection), and post-exercise review (holding review meetings to identify issues, revising emergency plans, and clarifying rectification measures and training plans). This formed a practical, full-process closed-loop drill model. Through these drills, the scientific validity and operability of the emergency plans were effectively tested, the cross-departmental and cross-subsidiary coordinated response capabilities were enhanced, and employees' emergency self-rescue skills were improved. The Group further optimized emergency material reserves and evacuation route signage, strengthened the safety defense line for production during the flood season, and effectively safeguarded employees' lives and the Company's property.

## 5.3 Climate-related Risk Management

The Group has been maintaining effective risk management and internal control systems as part of good corporate governance. Under the existing systems, risk assessment is conducted semiannually, led by the Audit Committee and submitted to the Board for approval upon completion. The scope of risk assessment covers all major business segments of the Group, including those defined under the "Reporting Scope" above. Details of the risk assessment are disclosed in the "Risk Management and Internal Control" section of the Corporate Governance Report.

Climate change has been incorporated into our risk management framework as one of the items in the risk assessment. The risk coordinator designated by the Audit Committee collects evaluations from risk owners of each major business segment (typically department heads or senior management) through questionnaires and/or interviews. The process includes risk identification, assessment of the nature, likelihood and impact of risks, consideration of existing mitigation measures and internal controls, as well as recommendations from risk owners on further mitigating the identified risks (if any). These risks are consolidated at the Group level, comprehensively assessed and analyzed, and ranked by nature and materiality. Due to data and resource constraints, we have not yet conducted climate scenario analysis. During 2025, we conducted risk assessments using the same procedures as those applied in the previous year. The detailed results of the assessment are disclosed in the "Risks and Opportunities" section above.

Through regular risk assessments conducted using a consistent methodology, management is able to track significant changes in the nature and extent of each risk item and evaluate the effectiveness of mitigation efforts.

## 5.4 Metrics and Targets

To ensure sustainable development, the Group has established KPIs to monitor progress on environmental protection initiatives. During the preparation of annual ESG reports in accordance with Listing Rule requirements, data is gathered through our established data collection system to measure the achievement status of each KPI, reported to the Board for review, approval and subsequent disclosure. We strongly believe that conducting regular assessments of metrics and targets and disclosing the results to the public is the most direct and effective way to fulfill our environmental responsibilities.

With respect to climate change, the Group has established certain qualitative and quantitative metrics and targets. Their categories, base periods (if applicable), objectives, nature, scope of application, achievement status and analysis of trends based on historical performance are set out below:

| Category | Objective | Nature | Scope |
|---|---|---|---|
| **Greenhouse Gas Emissions** | | | |
| Work with international institutions to achieve net-zero emissions by 2050 to gradually reducing emissions | Monitor and mitigate global warming and climate change | Quantitative target | All businesses |

### 5.4.1 Emission Reduction Measures

The Group continues to promote emission reduction measures. During the Reporting Period, we took the lead in conducting an online mapping of carbon emissions across the entire value chain, covering office operations, production support, and supply chain collaboration. The initiative focused on core sources such as electricity consumption and energy use, while also identifying potential emission reduction opportunities in areas such as transportation and office equipment. In 2025, the Group focused on carbon emission reduction in the transportation sector through two key initiatives, including (1) Vehicle renewal and replacement: Two high-energy-consumption diesel shuttle buses were decommissioned and replaced with one new pure electric commuter vehicle, reducing exhaust carbon emissions and energy consumption at the source; and (2) Technical upgrade and retrofitting: One business vehicle was equipped with hybrid electric vehicle (HEV) technology, which can switch to electric motor drive or engine stop-and-generate mode under idling or low-load conditions, significantly reducing fuel consumption and carbon emissions. These measures have formed a dual-path approach of “renewal and replacement + technical upgrading”, effectively reducing the Group’s carbon footprint in the transportation segment and providing strong support for the establishment and implementation of the Group’s carbon emission reduction targets.

### 5.4.2 Additional Information on Indicators and Targets

According to research by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC), anthropogenic greenhouse gas emissions have been identified as the primary driver of modern climate change. Accordingly, the Group’s targets focus on greenhouse gas emissions, covering both direct and indirect emissions. These targets enable us to align with local government and international reduction commitments, while comprehensively mitigating the impacts of climate change. The existing targets of the Group have been determined with reference to the nature of our business, as well as the relevance and materiality of the subject being monitored. These targets have not been subject to third-party verification nor have they been derived using a sectoral decarbonization approach. Looking forward, we will take into account peer ESG disclosures, the latest regulatory requirements, the latest international agreement on climate change (including jurisdictional commitments that arising from that agreement), as well as ongoing guidance and support from regulators, to update and establish indicators and targets applicable to the Group, including both cross-industry and industry-specific indicators.

In assessing whether the established metrics and targets have been achieved, the Group reviews past business activities during the preparation of annual ESG reports. For quantitative targets, achievement is determined by comparing the results — measured using the measurement approach described above — against the set targets. Apart from greenhouse gas emissions, this ESG report sets out in the “Efficient Utilization of Resources” and “Implementation of Emission Management” sections the details and performance of our efforts in emission reduction and energy efficiency.

Given that internal carbon pricing systems and carbon credit mechanisms for offsetting greenhouse gas emissions are not yet prevalent in the regions where we operate, the Group has not applied carbon pricing in its decision-making, and the targets set as well as the total emissions disclosed for greenhouse gas emissions are presented on a gross rather than net basis. We have nonetheless considered potential environmental impacts and compliance with applicable laws and regulations in our decision-making. Should internal carbon pricing systems and carbon credit mechanisms gain wider recognition and adoption in our operating regions in the future, the Group will also adopt them as appropriate.

**Appendix I: ESG Reporting Guidance Index**

| Aspect | Requirements | Chapter |
|---|---|---|
| **Part B** | **Mandatory Disclosure Requirements** | |
| Governance Structure | Paragraph 13 | 1.1 ESG Management Structure |
| Reporting principles | Paragraph 14 | Reporting Principles |
| Reporting Boundary | Paragraph 15 | Reporting Scope |
| **Part C** | **"Comply or explain" Provisions** | |
| **A1** | **Emissions** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 4.3 Implementation of Emission Management |
| A1.1 | The types of emissions and respective emissions data. | 4.3 Implementation of Emission Management |
| A1.2 | Repealed 1 January 2025 | |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 4.3.4 Hazardous Waste |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 4.3.3 General Solid Waste |
| A1.5 | Description of emissions target(s) set and steps taken to achieve them. | 4.3 Implementation of Emission Management |
| 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. | 4.3.3 General Solid Waste<br>4.3.4 Hazardous Waste |
| **A2** | **Use of Resources** | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | 4.2 Efficient Utilization of Resources |
| 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). | 4.2.1 Energy Resource Utilization |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 4.2.2 Water Resource Utilization |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 4.2.1 Energy Resource Utilization |
| 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. | 4.2.2 Water Resource Utilization |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | 4.2.3 Packaging Material Utilization |
| **A3** | **The Environment and Natural Resources** | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources. | 4. Green Operation for Better Ecosystem |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 4. Green Operation for Better Ecosystem |

| Aspect | Requirements | Chapter |
|---|---|---|
| **B1** | **Employment** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 3. Care for Employees |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | 3.1 Diversity, Equality and Inclusiveness |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | 3.1 Diversity, Equality and Inclusiveness |
| **B2** | **Health and Safety** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to providing a safe working environment and protecting employees from occupational hazards. | 3.4 Safeguarding Safety and Health |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 3.4 Safeguarding Safety and Health |
| B2.2 | Lost days due to work injury. | 3.4 Safeguarding Safety and Health |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | 3.4 Safeguarding Safety and Health |
| **B3** | **Development and Training** | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 3.2.1 Comprehensive Training Systems |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 3.2.1 Comprehensive Training Systems |
| B3.2 | The average training hours completed per employee by gender and employee category. | 3.2.1 Comprehensive Training Systems |
| **B4** | **Labour Standards** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | 3.1 Diversity, Equality and Inclusiveness |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 3.1 Diversity, Equality and Inclusiveness |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | 3.1 Diversity, Equality and Inclusiveness |
| **B5** | **Supply Chain Management** | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 2.4 Strengthening Supply Chain |
| B5.1 | Number of suppliers by geographical region. | 2.4 Strengthening Supply Chain |
| B5.2 | Description of practices relating to engaging suppliers, | 2.4 Strengthening |

| Aspect | Requirements | Chapter |
|---|---|---|
| | number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Supply Chain |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 2.4 Strengthening Supply Chain |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 2.4 Strengthening Supply Chain |
| **B6** | **Product Responsibility** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 2.2 Pursuing Excellent Quality |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 2.2.1 Governance System Enhancement |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | 2.2.3 Optimal Customer Service |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 2.3 Protecting Intellectual Property Rights |
| B6.4 | Description of quality assurance process and recall procedures. | 2.2.1 Governance System Enhancement |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 2.2.3 Optimal Customer Service |
| **B7** | **Anti-corruption** | |
| General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to bribery, extortion, fraud and money laundering. | 2.5 Adhering to Business Ethics |
| 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. | 2.5 Adhering to Business Ethics |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 2.5 Adhering to Business Ethics |
| B7.3 | Description of anti-corruption training provided to directors and staff. | 2.5 Adhering to Business Ethics |
| **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. | 2.6 Sincerely Giving Back to the Society |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 2.6 Sincerely Giving Back to the Society |

| Aspect | Requirements | Chapter |
|---|---|---|
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | 2.6 Sincerely Giving Back to the Society |
| **Part D** | **Climate-related Disclosures** | |
| Governance | Paragraph 19 | 1.1 ESG Management Structure<br>5.1 Governance |
| Strategy | Paragraph 20 - Climate-related risks and opportunities | 5.2 Strategy<br>5.2.1 Risks and Opportunities |
| | Paragraph 21 - Business model and value chain | 5.2.1 Risks and Opportunities |
| | Paragraph 22-23 - Strategy and decision-making | 5.2.1 Risks and Opportunities |
| | Paragraph 24 - Financial position, financial performance and cash flows - Current financial effect | 5.2.1 Risks and Opportunities<br>5.2.2 Current and Expected Financial Impacts and Transition Plan |
| | Paragraph 25 - Financial position, financial performance and cash flows - Anticipated financial effect | 5.2.1 Risks and Opportunities<br>5.2.2 Current and Expected Financial Impacts and Transition Plan |
| | Paragraph 26 - Climate resilience | 5.2 Strategy |
| Risk Management | Paragraph 27 | 5.3 Climate-related Risk Management |
| Metrics and Targets | Paragraph 28-29 - Greenhouse gas emissions | 4.3.2 Greenhouse Gases<br>5.4 Metrics and Targets |
| | Paragraph 30 - Climate-related transition risks | 5.2.1 Risks and Opportunities |
| | Paragraph 31 - Climate-related physical risks | 5.2.1 Risks and Opportunities |
| | Paragraph 32 - Climate-related opportunities | 5.2.1 Risks and Opportunities |
| | Paragraph 33 - Capital deployment | 5.2.1 Risks and Opportunities |
| | Paragraph 34 - Internal carbon prices | 5.4.2 Emission Reduction Measures |
| | Paragraph 35 - Remuneration | 1.1 ESG Management Structure |
| | Paragraph 36 - Industry-based metrics | 5.4.2 Additional Information on Indicators and Targets |
| | Paragraph 37-40 - Climate-related targets | 5.4 Metrics and Targets |
| | Paragraph 41 - Applicability of cross-industry metrics and industry-based metrics | 5.4.2 Additional Information on Indicators and Targets |

**Appendix II: Reader's Feedback Form**

Thank you for reading 2025 Environmental, Social and Governance (ESG) Report of Hilong Holding Limited. In order to provide more valuable information to the Group's stakeholders and improve its ability and level of fulfilling social responsibilities, we would welcome any feedback or suggestions you might have about this report.

You can send this form to any of the following:
Fax: +86-21-33851886
Postal address: No.1825, Luodong Road, Baoshan Industrial Zone, Shanghai, PRC

1. How would you rate your opinion of the Hilong Holding 2025 ESG Report?

☐ Very High ☐ High ☐ Neutral ☐ Low ☐ Very Low

2. How would you rate your opinion of the economic, social and environmental responsibilities of Hilong Holding?

| | | | | | |
|---|---|---|---|---|---|
| Economic responsibility | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |
| Social responsibility | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |
| Environmental responsibility | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |

3. Please rate the effectiveness of this Report in reflecting the economic, social and environmental impact Hilong Holding has brought about through its social responsibility practices?

☐ Excellent ☐ Good ☐ Fair ☐ Poor ☐ Terrible

4. How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

| | | | | | |
|---|---|---|---|---|---|
| Clarity | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |
| Accuracy | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |
| Completeness | ☐ Very High | ☐ High | ☐ Neutral | ☐ Low | ☐ Very Low |

5. Do you find this Report in easy-to-read contents and formatting?

☐ Yes ☐ Neutral ☐ No

6. Feel free to share any comments or suggestions you may have on Hilong Holding and this report:

Thank you very much for your gracious gesture and valuable time!