

Environmental, Social and Governance (ESG) Report



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About the Report

(i) Scope and Reporting Period

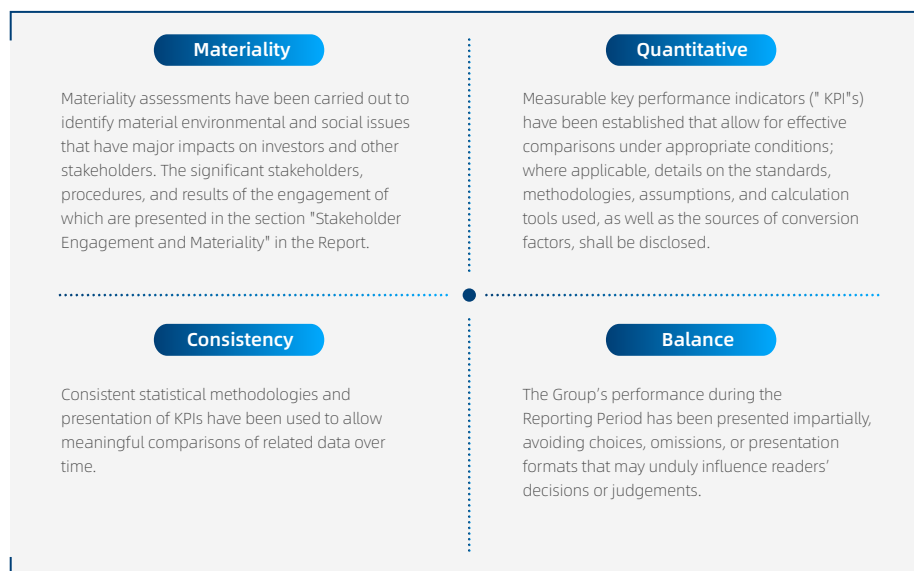
This is the Environmental, Social, and Governance (the "ESG") report of Jutal Offshore Oil Services Limited (the "Company", and together with its subsidiaries referred to as "Jutal" or the "Group"), highlighting its management and practical performance in ESG matters, with disclosure references made to the ESG Reporting Guide as prescribed in Appendix C2 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

The core business operations of the Group are primarily manufacturing and engineering services in the energy and refining industries, mainly focusing on large-scale module construction, offshore engineering, and new energy equipment construction. It should be noted that subsidiaries located in Hong Kong China and Singapore, as well as any operations beyond the core business, are excluded from the scope of this report.

Unless otherwise stated, the temporal and organizational scope of this ESG report is the overall environmental, social and governance performance of the Group's principal business operations in the People's Republic of China (the "PRC") from 1 January 2024 to 31 December 2024 (the "Reporting Period"), unless otherwise stated. This report covers operating sites including offices located in Shenzhen, Tianjin, Penglai, Dalian, and Zhuhai, as well as construction and service sites located in Tianjin, Penglai, Zhuhai, and Huizhou. These sites are collectively referred to as Shenzhen Jutal, Tianjin Jutal, Penglai Jutal, Dalian Jutal, Zhuhai Jutal, and Huizhou Jutal.

There were no major operational changes in the scope of this report compared with that for the period from 1 January 2023 to 31 December 2023 (the "Last Reporting Period").

(ii) Reporting Principles



(iii) Communication Feedback

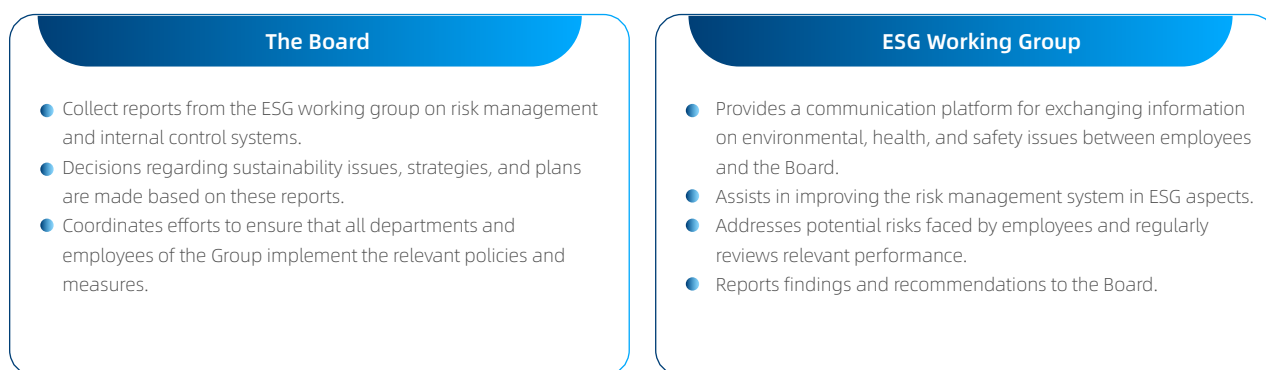
The Group welcomes feedback from stakeholders regarding its ESG policies and performance. Please email yxy@jutal.com or call **+86-755-26694111** to provide your suggestions or comments.

ESG Governance

(i)Board ESG Governance Structure

The Board of Directors ("the Board") has overall responsibility for the Group's sustainability strategy and reporting. The Group has incorporated ESG considerations into daily operations, demonstrating the Group's strong commitment to protecting the environment, caring for its people, and addressing the community's needs. As a responsible corporate citizen, the Group prioritises local employment when recruiting contract workers to provide opportunities for local workers and support local communities.

The Group has integrated environmental and social-related issues into its corporate governance structure and established an ESG working group to monitor and promote environmental, social, and governance strategies. The ESG working group plays a crucial role in overseeing the Group's ESG performance and reporting. Comprised of responsible executive directors and relevant management personnel, the ESG working group ensures that appropriate and effective risk management and internal control systems are in place to address material risks related to ESG.



When critical ESG issues have been identified, the ESG working group shall report directly to the Board for discussion. By doing so, the ESG working group helps to ensure that the Group's ESG activities align with its overall business goals and objectives. The ESG working group has assigned responsibilities to the respective departments, as shown in the table below:

Department	Scope of Management Issues
Health, Safety and Environmental Protection Department	Emissions control, resource utilization, environmental management, and response to climate change
Health, Safety and Environmental Protection Department & Human Resources and Enterprise Management Department	Employee health and safety
Human Resources and Enterprise Management Department	Employment, development and training, labour standards
Procurement Department	Supply chain management
Production Department & Quality Inspection Department	Product responsibility
Human Resources and Enterprise Management Department & Internal Audit Team	Anti-corruption
Care Committee & Human Resources and Enterprise Management Department	Employee health and safety, community investment

Furthermore, the Board has also authorized the safety production committee at the Group's major sites to be responsible for implementing environmental protection, responsible production and ensuring health and safety. The committee is mainly chaired by the general manager of the subsidiary company, and its members include deputy general manager, department managers, labour union chairman and occupational health and safety employee representatives.

The Board employed an online survey to identify and prioritise the ESG material topics for the Group's ESG report with the assistance of a third-party consultant. The survey gathers insights from internal and external stakeholders. The results of this survey were used to conduct a materiality assessment, considering the significance of each identified ESG issue to the Group. By engaging stakeholders and considering their perspectives, the Board ensured that the ESG report focuses on the most relevant and significant ESG issues. This process demonstrates the Board's commitment to transparency, accountability, and effective ESG management.

(ii) Three Pillars of Sustainable Development

The Group attaches great importance to addressing environmental impacts and potential risks associated with the transition to a low-carbon economy. To ensure sustainable operations and long-term business growth, the Group has established ESG-related goals and indicators, including emission reduction and energy conservation, which are critical to minimizing the Group's carbon footprint.

To monitor the progress of implementing these ESG-related targets, the Group employs various means such as meetings, inspections, and regular monitoring of production facilities. Additionally, the ESG working group conducts annual reviews of the environmental targets and evaluates the Group's overall ESG performance. This comprehensive monitoring process ensures that the Group remains on track in achieving its sustainability objectives.

In addition to improving environmental performance, the Group places great emphasis on delivering high quality products and services, safeguarding the occupational health and safety of its employees, and closely monitors supply chain risks to ensure responsible business practices. By prioritising ESG-related issue areas, the Group aims to conduct its operations in an environmentally and socially responsible manner.

The Group has established three key pillars to guide its sustainability efforts.

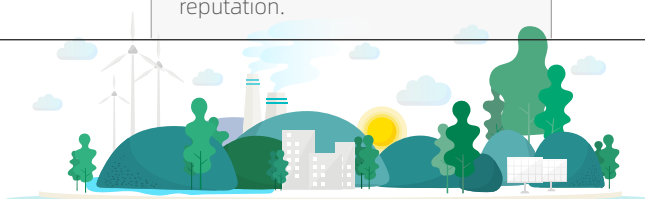
Employee Management and Wellbeing	Environment and Natural Resources	Business Operations and Product Responsibility
Health and Safety	Response to Climate Change	Stakeholders Engagement
Employee Rights and Protection	Water Resources Usage and Management	Business Ethics and Compliance
Employment System	Greenhouse Gas Emissions and Management	Product Quality and Responsibility
/	Waste Management	/

The Group uses the three pillars of Employee Management and Well-being, Environment and Natural Resources, and Business Operations and Product Responsibility as a framework to analyze and discuss how to manage risks, seize opportunities, set targets and allocate resources to adequately response to the concerns of stakeholders and ensure the Group stays on the path of sustainable development.

(iii) ESG Risk Management

The Group has established "Risk and Opportunity Management Procedures" and set up an environmental management risk assessment team responsible for identifying and evaluating current and potential risks and opportunities in ESG aspects. Each business unit and department are responsible for identifying and monitoring current and potential risks and opportunities that the Group may face according to their responsibilities and authorities. During the Reporting Period, the Group identified six ESG risks from the three pillars of sustainable development, namely "The Environment and Natural Resources", "Employee Management and Wellbeing" and "Business Operations and Product Responsibility". Details are as follows:

Sustainable Development Pillars	Risk Categories	Risk Description	Response
The Environment and Natural Resources	Air and Greenhouse Gas Emissions	Due to the tightening of national and regional environmental protection policies, the Group needs to invest more resources to cope with stricter regulations, which may lead to an increase in operating costs.	<ul style="list-style-type: none"> - Expand the use of renewable energy; - Develop low-carbon policies /measures; - Develop emission reduction targets and action plans.
	Hazardous Waste	During the process of hazardous waste disposal, it is necessary to comply with safe storage standards. If a leakage accident occurs, it will increase the risk of non-compliance and reputation.	<ul style="list-style-type: none"> - Identify and formulate a hazardous waste management list; - Properly store related Hazardous waste; - Hire qualified contractors to collect and dispose of hazardous waste; - Provide training and emergency drills for employees; - Develop an emergency plan for hazardous waste leakage accidents.
	Impact on the Surrounding Environment	If the Group fails to identify and effectively control relevant environmental factors, it may increase the risk of noncompliance, including lawsuits, fines and orders to cease project operations, which will further affect the Group's reputation.	<ul style="list-style-type: none"> - Regularly monitor the impact of business operations on the surrounding environment and community; - Carry out greening activities; - Maintain communication with stakeholders in neighbouring communities.
	Climate Change	Extreme weather events are increasingly frequent, which will affect the operation of production equipment and the safety of workers, and impose a burden on business operations.	<ul style="list-style-type: none"> - Incorporate climate change into the enterprise risk framework; - Develop relevant policies to regulate business behavior; - Enhance the Group's resilience to climate change
Employee Management and Wellbeing	Health and Safety	Due to the special nature of the petroleum and natural gas equipment and services industry, there are inherent safety risks, such as major safety accidents that cause serious injury or death to employees, which will severely affect the Group, including damage to the Group's reputation, and may also lead to lawsuits and fines.	<ul style="list-style-type: none"> - Regularly update safety equipment for employees; - Strengthen on-site risk management and safety supervision; - Develop special work arrangements for adverse or hot weather conditions; - Enhance health and safety training.
Business Operations and Product Responsibility	Business Ethics	Bribery, corruption, collusion, fraud, kickbacks and embezzlement of public funds are not only harmful to the interests of the Group itself but also serious commercial crimes, which pose significant legal risks to the Group's operations, including lawsuits, fines, or imprisonment of relevant personnel. In addition, even if the Group is suspected of violating relevant laws and regulations, it will seriously damage the Group's reputation.	<ul style="list-style-type: none"> - Develop mechanisms and procedures for business ethics; - Regularly assess the risks and impacts of business ethics; - Provide regular training for the Board and employees; - Make anti-corruption one of the KPIs of the Group; - Regularly review complaints mechanisms and compliance investigation/reporting procedures.



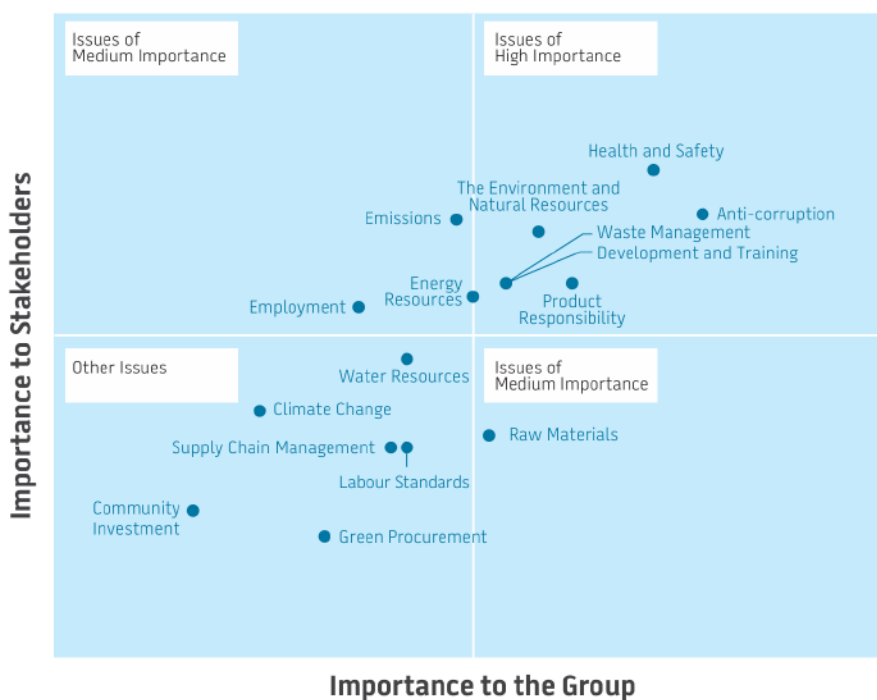
Related working group members will analyse and assess such risks in accordance with the "Risk and Opportunity Management Procedures" to reduce the unstable factors and impacts of sustainability risks on business operations, ensure smooth daily operations, provide response plans to management, and make early corrections to avoid any losses related to property, liability and personal safety, thereby improving the service quality of the Group.

In the future, the Group will identify more climate change risks that have a greater impact on business, assess climate related risks and opportunities under different climate scenarios, and actively address and manage such risks in operations according to their significance to strengthen the Group's resilience and recovery ability in the face of climate change.

(iv) Stakeholder Engagement and Materiality

The Group maintains ongoing dialogue with key stakeholders via various communication channels including regular meetings, emails, and regular customer surveys. To identify significant ESG topics, the Group specifically engaged both internal and external stakeholders, namely the Board of Directors, senior management, shareholders, frontline staff, suppliers and customers, to gain insights into ESG material topics and challenges to the Group's operation during the Reporting Period. In the materiality assessment, stakeholders were asked to rate a list of 16 topics, which renewed this Reporting Period, in terms of their relevance and importance to the Group's business development and sustainability, as well as to the wider community.

Materiality Matrix:



All of the above topics are strictly managed through the Group's policies and systems, which are detailed in this report. The Group will continue to maintain close communication with stakeholders to understand their expectations and views on the Group's ESG policies, proactively responding to their concerns.

(v) Stakeholder Communication

The Group engages with key stakeholders such as shareholders, employees, suppliers, and clients to understand their needs and concerns. Besides the annual stakeholder survey, the Group communicates with stakeholders via various communication channels such as written memos, regular meetings, and interviews.

Key Stakeholders Groups	Communication Channels
The Board, management, and employees	<ul style="list-style-type: none"> ➤ Board meetings ➤ Performance reviews and appraisals ➤ Regular meetings and management communication (e.g email and phone call)
Shareholders	<ul style="list-style-type: none"> ➤ Annual general meeting ➤ Corporate communication ➤ Company website ➤ Announcements
Clients	<ul style="list-style-type: none"> ➤ Company website ➤ Email and phone call
Government	<ul style="list-style-type: none"> ➤ On-site inspections ➤ Work reports preparation and submission for approval ➤ Financial reports
Suppliers and contractors	<ul style="list-style-type: none"> ➤ Procurement processes ➤ Audits and evaluation annual review ➤ Annual review
Community	<ul style="list-style-type: none"> ➤ Participation in community activities

A.Environmental Protection

As a responsible corporation, the Group plays a vital role in environmental protection. The Group has obtained an ISO 14001 Environmental Management System certification and developed various systems and policies, including the Environmental Protection Management Procedure, Waste Management System, and Environmental Management System for construction sites, for the mitigation of potential environmental impacts. A comprehensive Health, Safety, and Environment (HSE) policy has been established as the basis of the Group's operation, reflecting the Group's to responsible business practices. The HSE policy is regularly reviewed and updated as appropriate.

The Group strictly complies with all national and local laws and regulations concerning environmental protection and pollution control, including but not limited to the followings:

Environmental Protection Law of the PRC

Law of the PRC on the Prevention and Control of Atmospheric Pollution

Water Pollution Prevention and Control Law of the PRC

Emission Standards for Odor Pollutants of the PRC

Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste

Specifications for Continuous Emissions Monitoring of SO₂, NO_x, and Particular Matter in Flue Gas Emitted from Stationary Sources in the PRC

Emission Standard for Industrial Enterprise Noise at Boundary of the PRC (GB 12348—2008)

Energy Conservation Regulations of Guangdong Province

Shandong Province local standards on Regional and Integrated Emission Standard of Air Pollutants (2019)

Shandong Province Local Standards on Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry

Shandong Province Local Standards Regional and Integrated Emission Standard of Air Pollutants

Discharge Standard for Municipal Wastewater

During the Reporting Period, the Group did not violate any relevant laws and regulations regarding air and greenhouse gas emissions, water and land discharges, or hazardous and non-hazardous waste disposal that had a material impact on the Group.

■ Measures to Mitigate Emissions

By implementing the ISO 14001 Environmental Management System in the Group's operations, the Group can effectively manage risks regarding climate change, energy, and carbon management of its day-to-day operations.

The Group is committed to reducing emissions and minimizing the environmental impact of its operations. To ensure effective emissions control, the Group has implemented several key policies and measures. These include the establishment of the "Policy for Health, Safety, and Environment (HSE)," which outlines the Group's commitment to maintaining a clean and sustainable environment; formulating the "Environmental Operation Control Procedures" and the "Waste Collection, Identification, Storage, and Treatment Procedures" to provide clear guidelines for emissions and waste management.

The Group has set up HSE target index in Penglai Jutal.

Emission Categories		HSE Target Index	2024 Performance	2023 Performance
Hazardous waste	100% hazardous waste is collected, sorted, and handed over to an approved recycling company for recycling		√	√
Wastewater disposal	Concentration of suspended matter discharged does not exceed 400 mg/L		√	√
	Five-day biochemical oxygen demand (BOD ₅) concentration does not exceed 350 mg/L		√	√
	Chemical oxygen demand (COD) concentration does not exceed 500 mg/L		√	√
	Ammonia nitrogen concentration does not exceed 45 mg/L		√	√
Exhaust gas and Dust emission	Concentration of benzene discharged does not exceed 0.5 mg/m ³ , while the emission rate does not exceed 0.3kg/h;		√	√
	Concentration of toluene discharged does not exceed 5 mg/m ³ , while the emission rate does not exceed 0.6 kg/h;		√	√
	Concentration of dimethyl benzene discharged does not exceed 15 mg/m ³ , while the emission rate does not exceed 0.8 kg/h;		√	√
	Concentration of VOCs discharged does not exceed 70 mg/m ³ , while the discharge rate does not exceed 2.4 kg/h;		√	√
	Concentration of particles discharged does not exceed 10 mg/m ³		√	√
Noise emission	Noise level of factories must be maintained at 60 dB or below during daytime, and 50 dB or below during the nighttime		√	√

The Group has actively implemented various pollution controls to mitigate emissions arising from the Group's operations, including regular monitoring activities and proper maintenance of production facilities.

In the future, the Group will continue to monitor the progress of its emission reduction targets, introduce the latest equipment and emission reduction technologies for application in production operations, and stay informed about the latest clean and energy-saving technologies in the construction and services sector, integrating these advancements into the Company's operations.

(i)Emissions Control

1.1 Air Emissions

The Group has established environmental treatment systems at each construction site, following the "Serious Pollution Weather Emergency Plan" and "Comprehensive VOCs Treatment Plan". These systems include the installation of various equipment such as sedimentation dust collectors, paint mist filters, explosion-proof centrifugal fans, paint solvent adsorption catalytic devices and activated carbon devices.

To maintain the effectiveness of these systems, the Group conducts monthly maintenance and upkeep, including regular

replacement of filter cotton and activated carbon. Additionally, the Group engages testing companies to conduct air pollution monitoring and installs online monitoring systems for real-time analysis of air emissions, to ensure that the Group's air emissions comply with the Group's own standards and the requirements of local laws and regulations. The Group's operations generate several major air pollutants, including nitrogen oxides, sulfur oxides, respiratory suspended particles, and volatile organic compounds (VOCs). These pollutants predominantly stem from the production equipment, kitchen equipment, vehicles powered by fossil fuels, as well as sandblasting and painting activities. The table below presents the breakdown of the air emissions data, during the Reporting Period.

Air Emissions	
Type of Emission	2024
Nitrogen oxides (kg)	6,878.50
Sulphur oxides (kg)	7,931.67
Respiratory suspended particles (kg)	8,747.59
Volatile organic compounds (VOCs) (kg)	185

1.2 Waste Management

During the Reporting Period, hazardous waste only included hazardous waste generated by Penglai Jutal, Tianjin Jutal, and Huizhou Jutal. The total volume and intensity of hazardous and non-hazardous waste generated and disposed of by the Group during the Reporting Period are as follows:

Types of Waste	2024
Total hazardous waste generated (tonne)	545.78
Hazardous waste intensity(tonne/RMB\$1,000,000 revenue)	0.26
Total non-hazardous waste generated (tonne)	1,070.66
Non-hazardous waste intensity (tonne/ RMB\$1,000,000 revenue)	0.51

The Group has taken proactive steps to minimise waste generation and disposal at all of its operating sites and projects. To achieve this goal, the Group implements various waste management and reduction measures, and has developed comprehensive procedures and guidelines, such as the "Waste Collection, Identification, Storage and Treatment Procedures," "Wastewater Quality Standards for Discharge to Municipal Sewers," "Waste Disposal Working Instruction," and "Hazardous Waste Management Plan", to regulate the recycling, storage, and disposal of hazardous and non-hazardous waste.

The Group is committed to conserving, recycling, and reusing resources across its operating sites, and it actively encourages employees to reduce resource consumption. At each operating site, waste is classified and prevented based on its type, physical properties, hazardous characteristics, and other relevant factors. Qualified hazardous waste contractors are engaged to collect and dispose of hazardous wastes in accordance with the established procedures.

Furthermore, the Group emphasises the importance of adopting advanced technologies, utilizing clean energy, and improving pollution prevention and control measures to reduce the amount of hazardous waste produced. These measures are outlined in the "Hazardous Waste Management Plan" and serve as guiding principles for employees.

The Four Principles Listed in the "Hazardous Waste Management Plan"	
Adopting advanced technology	Improve painting and rust removal processes, use more advanced equipment, improve paint utilisation, reduce usage and try to avoid waste.
Purchasing green products	Purchase higher-quality paints to reduce paint usage and avoid generating more hazardous waste.
Improving management	Reduce producing hazardous wastes as much as possible by adopting a hierarchical management system and separate control for the relevant processes involving the generation of hazardous wastes.
Pollution prevention and control	Establish a sound collection, storage, and transportation management system to classify, collect and centralise hazardous wastes. Then, store them in the waste station, and transfer the hazardous wastes to the relevant processing unit that signed the contract according to regular and quantitative principles.

Non-hazardous waste generated by the Group is sorted according to its types and recycled by accredited recycling companies. All waste is disposed of in strict accordance with legal requirements.

The Group continues to implement initiatives to reduce waste at source. For example, the Group encourages double-sided printing, promotes the use of electronic documentation, and keeps track of paper consumption to promote a paperless office. Waste recycling bins are installed in the offices to encourage paper recycling. The Group will pay attention to the update and revision of national environmental protection regulations and standards, and revise the Group's management policy in a timely manner.

1.3 Wastewater Management

To effectively manage wastewater discharges and ensure compliance with discharge standards, the Group has implemented various measures across its operating sites and offices.

At each operating site, the Group has installed drainage ditches and sedimentation tanks, equipped with steel nets, to prevent the discharge of sludge, sewage, and other harmful solids into the general drainage ditch and municipal sewage pipe network, ensure the quality of wastewater before discharge.

Furthermore, the Group has taken steps to ensure that domestic sewage from employee dormitories and operating sites meets water quality standards. To achieve this, toilets, kitchens, and canteens have been equipped with septic tanks and trenches. This infrastructure allows for the proper treatment of domestic sewage before it is discharged into the urban sewers and subsequently sent to the sewage treatment plant for further processing.

To ensure that the Group's wastewater treatment continuously meets discharge standards, the Group has engaged environmental monitoring agencies for regular assessments. From March to April each year, production wastewater and domestic sewage are monitored to allow the Group to understand the effectiveness of wastewater management practices, identify shortcomings, and make improvements.

(ii) Use of Resources

The Group continuously optimizes the efficiency of energy, water, and other resource use to reduce resource consumption in business operations and minimize waste. To achieve this, the Group has developed and implemented several measures and systems, such as the "Energy Conservation and Consumption Reduction Management System" and the "Environmental Operation Control Procedures".

2.1 Energy Consumption Management

The Group's energy consumption is mainly from power facilities, production machinery and vehicles of its offices and sites, as well as its consumption of natural gas and liquefied petroleum gas for cooking purposes. During the Reporting Period, the energy consumption at the Group's operational sites is shown in the table below:

Energy ¹	
Direct Energy	2024 (in MWh)
Gasoline	1,638.72
Diesel	6,280
Liquefied petroleum gas	10.58
Liquefied natural gas	379.25
Acetylene	125.22
Propane	321.87
Indirect Energy	2024 (in MWh)
Purchased electricity	25,126.45
Total Energy Consumption	33,882.10
Total energy intensity (MWh/RMB\$1,000,000 revenue)	7.68

The Group has implemented the "Energy-saving and Consumption Reduction Management System" in compliance with national energy-saving standards. This system aims to decrease energy consumption and promote energy-saving activities within the Company. It involves tracking product production and energy usage, setting energy consumption indicators, and reducing the unit energy consumption of company products. Additionally, the Group practices energy management to monitor resource consumption and minimize energy waste during production.

Internally, the Group has announced and followed straightly the "Office Behavior Standards". It emphasizes promoting energy-saving awareness and encouraging employees to actively participate in resource conservation efforts. Construction site facilities have implemented energy-saving and emission reduction measures, such as replacing the central air conditioning system in the canteen, adopting control measures to reduce idling of large equipment, lowering the outlet water temperature of central air conditioning, and regularly organizing training sessions to educate employees on energy-saving practices.

2.2 Water Resource Management

Although the Group's business operation does not consume a significant amount of water or therefore generate large volumes of wastewater, the Group has endeavored its best efforts to conserve water during daily operation. Water consumption mainly comes from domestic use and freshwater is sourced from municipal water supply systems. During the Reporting Period, there were no issues with sourcing water.

Water Resource Consumption	2024
Water consumption (m ³)	157,655
Intensity (m ³ per workforce)	36.13
Intensity (m ³ per RMB\$1,000,000 revenue)	75.83

¹Energy-related calculations are conducted in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

To promote water conservation, the Company has implemented several measures. This includes the installation of smart water meters to replace traditional ones, enabling better monitoring and digital management of water usage in different areas. Restroom facilities have been adjusted according to personnel distribution, and timers have been added to regulate intermittent water supply. Water-saving posters have been prominently displayed throughout the premises, and regular inspections are carried out by staff to identify and address instances of water wastage.

2.3 Use of Packaging Materials

During the Reporting Period, the Group used a total of 6.88 tons of packaging materials, mainly for daily office operations and construction project packaging. The primary material used was wood pulp paper, with other materials including stretch film, plastic sheets, cartons, bubble wrap, and tape.

The Group is committed to enhancing environmental awareness and promoting sustainable development by purchasing environmentally certified paper and packaging materials. At the same time, the Group strongly encourages paperless office practices, advocating for employees to share and archive documents electronically, thereby reducing paper consumption. The Group also requires departments to implement annual budgets and quota management, strengthen internal controls, and improve the efficiency of material usage.

2.4 Office Supplies

Penglai Jutal has set a target for office supply consumption to regulate usage, with the goal of maintaining monthly per capita office supply consumption below RMB 8. During the Reporting Period, the monthly per capita consumption of office supplies was RMB 4.96, and the target has been successfully achieved.

(iii)The Environment and Natural Resources

The Group is dedicated to minimizing the environmental impact of its business operations and preserving natural resources. To achieve this, the Group has implemented corporate environmental management systems to regulate environmental protection efforts among employees and management. In addition to complying with environmental protection laws and regulations, the Group promotes clean production, a circular economy, and reducing pollutants at the source. Key details of the environmental protection measures include:

- Establishing and improving environmental protection policies and systems and implementing the Company's environmental protection plan;
- Conducting regular inspections of environmental protection facilities and maintaining necessary records;
- Supervising the Group's wastewater, emissions, and solid waste discharge to ensure compliance with standards;
- Providing reports on pollutant emissions, operation of pollution prevention and control facilities, and pollution reduction to relevant authorities as required;Assisting in promoting clean production, energy and water conservation, and pollution prevention and control;
- Participating in the preparation of emergency response plans for environmental incidents, promptly reporting any pollution incidents to the environmental protection department, and actively participating in the treatment process;
- Organizing environmental protection training for employees to enhance their knowledge in this area.

Furthermore, the Group's main site regularly updates the "HSE Target Indicator Management Plan" and implements various plans to prevent, control, reduce, and eliminate potential environmental impacts and risks associated with wastewater, emissions, waste, noise, and other hazardous factors generated during daily operations and construction activities. This proactive approach aims to minimize environmental impacts.

The safety production committee at the Group's main operational sites is responsible for environmental protection management and technical supervision, working with the general manager to develop long-term environmental protection plans, conduct internal environmental monitoring, reduce pollutant emissions, improve the environmental quality of work areas and natural resources, and promote sustainable development. During the Reporting Period, the Group did not receive any complaints from neighboring communities regarding environmental pollution incidents such as air pollution, odors, or noise.

Looking forward, the Group will intensify efforts to create a healthy environment for employees and further reduce the impact on the natural environment.

(iv) Climate Change

4.1 Greenhouse Gas Emissions

During the Reporting Period, the Group's operational activities emitted 16,020.56 tonnes of carbon dioxide equivalent ("tCO₂e"), primarily consisting of carbon dioxide, methane, and nitrous oxide. The Group's business operates on a project basis, with project operations highly dependent on diesel and electricity consumption.

During the Reporting Period, the Group's overall greenhouse gas emission intensity was 3.67 tCO₂e per employee (calculated based on the total number of employees at the end of 2024) and 7.71 tCO₂e per RMB million of the Group's annual revenue. The reported greenhouse gas emissions include the following activities and scopes:

Direct (Scope 1) Greenhouse Gas Emissions: Energy consumption from diesel, gasoline, natural gas, acetylene, propane, and other fuels used in fixed-source equipment, as well as diesel and gasoline consumption from Company-owned vehicles.

Energy Indirect (Scope 2) Greenhouse Gas Emissions: Purchased electricity.

Other Indirect (Scope 3) Greenhouse Gas Emissions: Business travel by air and waste paper disposal.

Emission Scope ^{Note1}	Emission Source	2024(tCO ₂ e)
Scope1 Direct Emissions	Stationary Source Fuel Combustion	Diesel Liquefied petroleum gas Ethyne Acetylene, Propane ^{Note2} 584.65
	Mobile Source Fuel Combustion	Diesel Gasoline 1,722.40
Total Scope 1 Direct Emissions		2,307.05
Scope2 Indirect Emissions	Purchased Electricity	13,482.85 ^{Note3}
Scope3 Other Indirect Emissions ^{Note4}	Business Air Travel	171.47
	Waste Paper Disposal	59.18
Total Emissions ^{Note5}		16,020.55
Intensity (tCO ₂ e per employee)		3.67
Intensity (tCO ₂ e RMB\$1,000,000 revenue)		7.71

4.2 Reducing Carbon Emissions

The Group continuously improves and develops more targeted energy-saving systems to reduce greenhouse gas emissions. By regularly assessing, recording, and analyzing greenhouse gas emissions and other environmental data across various units, the Group assesses the effectiveness of existing measures and enhances related greenhouse gas emission policies. The following energy-saving measures have been implemented to further reduce and monitor greenhouse gas emissions in daily operations:

Note¹: Unless otherwise stated, emission factors are prepared with reference to Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited and its designated documents.

Note²: In 2024, acetylene and propane were added as fuels for stationary sources.

Note³: In 2024, purchased electricity is calculated based on the national emission factor of 0.5366 kg CO₂/kWh, as published by the Ministry of Ecology and Environment of the PRC in 2024.

Note⁴: Scope 3 greenhouse gas (GHG) emissions include business travel and waste paper disposal. In 2024, waste paper disposal was included in GHG emissions for the first time.

Note⁵: Due to changes in statistical methodology, if the total GHG emission data differ from previous ESG reports, the disclosure in the 2024 ESG report shall prevail.

- Establishing electricity-saving guidelines for offices and construction sites;
- Prioritizing energy-efficient products when purchasing electrical equipment;
- Preferring energy-saving lighting for illumination and maximizing the use of natural light during the daytime;
- Conducting regular electricity-saving inspections and analyzing energy consumption patterns;
- Organizing energy conservation and emission reduction training for employees to enhance environmental awareness;
- Replacing the Company's old gasoline vehicles with electric vehicles to reduce emissions.



4.3 Significant Climate-related Risks

Sustainable development risk management is an essential component of corporate risk management. In addition to establishing the "Risk and Opportunity Management Procedures, the Group has formulated the "Climate Change Policy", which defines four guiding guidelines: "Mitigation", "Adaptation", "Resilience", and "Disclosure". These guidelines strengthen the identification of climate-related risks and opportunities, build resilience against climate change, reduce both financial and non-financial impacts on the business, and ensure the disclosure of sustainability risk management measures to meet regulatory requirements.

To further refine strategic planning, the Group has implemented a "Risk and Opportunity Identification and Assessment Management System," requiring the Quality Inspection Department and the Health, Safety, and Environmental Production Department to identify and assess risks and opportunities related to quality, environment, operations, market, finance, and occupational health and safety management within their respective work processes.

Looking forward, the Group plans to integrate climate change considerations into its overall corporate risk framework to identify and manage the impact of climate change on business operations. This includes reviewing policies and measures that regulate operator behavior, strengthening the resilience of existing operational facilities against climate change, and incorporating climate adaptation strategies into future facility planning. Through these proactive measures, the Group aims to effectively address climate-related risks and opportunities, ensuring the long-term sustainability and resilience of its business.

In such a case, the Group has assessed climate-related risks and their impact on business operations with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). These risks are categorized into two major types: physical risks and transition risks. To determine the significance and potential impact of these risks on the Group's business operations, the Group evaluates climate risks based on their likelihood and severity.

Climate Risk Categories		Time Horizon	Impact on Business	Risk Level
Physical risks	Acute risk	Short term	Increased frequency and severity of extreme weather events, affecting daily operations, potentially causing equipment damage, revenue reduction, and higher maintenance costs.	Medium
	Chronic risk	Long term	Rising temperatures increase energy consumption and equipment maintenance costs.	Medium
Transition risks	Legal & Policy risk	Long term	Increased carbon credit pricing for offsetting greenhouse gas emissions, leading to higher operational costs.	Medium
	Technological risk	Long term	Replacing existing equipment and services raises operational costs; shifts in customer and market preferences reduce service demand.	Medium
	Market risk	Long term	Transition from oil and gas to clean energy reduces demand for oilfield services.	Medium
	Reputation risk	Long term	Declining service demand leads to reduced revenue.	Medium

Overall, the Group is more susceptible to transition risks, particularly in terms of market risk and technological risk. Transition risks refer to the risks associated with the shift to a low-carbon economy. To address the risks and opportunities brought by climate change, the Group has made a strategic decision to integrate climate change into its overall corporate risk framework.

4.4 Major Climate-Related Opportunities

By recognizing the potential impact of climate change on business operations, the Group can proactively identify and manage risks while seizing opportunities in an evolving market environment. These opportunities include the development of new energy technologies, such as support structures for wind turbines and suction anchors.

By aligning with the growing demand for renewable energy solutions, the Group can not only mitigate the risks posed by climate change but also benefit from market expansion driven by sustainability. This enables the Group to contribute to a greener future while enhancing the resilience of its long-term business development.

B. Social

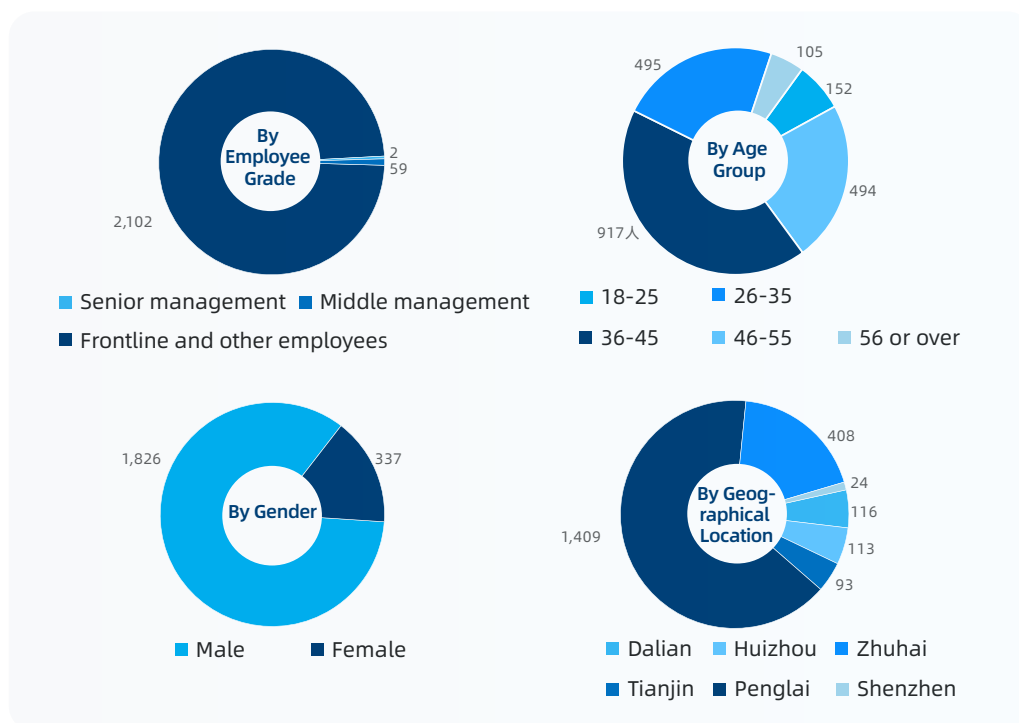
(i) Employment and Labor Practices

Jutal recognizes the growing importance of social issues to stakeholders and prioritizes employee well-being. The Group places great emphasis on employee health and safety, striving to attract and retain talent to support its long-term development. Upholding business ethics, the Group is committed to creating a work environment that safeguards employee rights. To achieve this goal, Jutal has established and implemented comprehensive safety management and employment systems, fostering harmonious labor relations within the organization. By providing a positive working environment, Jutal motivates employees to contribute to the Group, the environment, and the broader community, creating shared value for all.

1.1 Equal Employment

The Group strictly adheres to the "Labour Law of the PRC", the "Law of the PRC on Employment Contracts", and other applicable laws and regulations in the regions where it operates, in addition to international practices. It complies with national and local laws concerning employment and labor, as well as the "Law of the PRC on the Protection of Rights and Interests of Women" and the "Special Rules on the Labour Protection of Female Employees," to protect the lawful rights and interests of female employees and support their physical and mental well-being. The Group is committed to creating a fair and transparent workplace, offering competitive salaries and equitable human resources (HR) management policies.

As of December 31, 2024, the Group employed 2,163 employees and 2,200 outsourced staff (from China) at its business sites within the reporting scope, totaling 4,363 workers. During the Reporting Period, the Group reviewed and improved its existing policies and measures, complying with laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other rights and benefits.



The employment contract clearly specifies the details of employment, including job position, start date, salary and promotion, compensation and dismissal policies, probation period, leave entitlements, reward and penalty system, and other employment terms and conditions mandated by relevant laws and regulations. The Group's policies, standards, and expectations for employees are thoroughly documented and communicated through the relevant policy documents in the "Employee Behavior Codes" and "Employee Handbook".

During the Reporting Period, no violations of laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, or other rights and benefits were identified that had a significant impact on the Group.

➤ **Competitive salary and benefits**

The Group continuously optimizes its salary and benefits policies to ensure that employees lawfully enjoy relevant benefits and rights. It offers competitive remuneration, allowances, annual health check-ups, social insurance, and housing provident funds to attract top talent. An effective performance evaluation mechanism has been established to regularly assess employees' work performance. Those who demonstrate outstanding performance are rewarded with year-end bonuses or promotion opportunities, encouraging employees to strive for excellence, improve performance, and foster a sense of belonging.

➤ **Termination Process**

The Group has established a recruitment policy that clearly defines the methods and procedures for managing employee recruitment and termination. During the selection process, relevant departments and employees adhere to the principles of fairness and impartiality, selecting candidates based on objective evaluation criteria such as personal capabilities, experience, and performance, ensuring equal opportunities for all and contributing to the Group's success.

Regarding termination of employment, employees have the right to resign at any time in accordance with the resignation procedure. However, if an employee engages in misconduct that conflicts with their duty of loyalty or company policies, the Group will terminate the employment and settle the employee's wages in accordance with legal requirements, ensuring compliance with all applicable laws and regulations.

For subcontracted labor, the contract duration is determined based on the specific requirements of the project. Payments and settlements for subcontracted work are made in accordance with company procedures and subcontract agreements.

➤ **Appraisal and promotion**

The Group conducts annual examinations and performance evaluations to assess employees' capabilities, selecting candidates for promotion and performance appraisals. Department managers evaluate employees' performance levels, and promotions are granted based on an employee's ability and suitability for a higher position.

➤ **Working hours and breaks**

The Group strictly prohibits forced labor and safeguards employees' rights. Department heads ensure proper work scheduling in accordance with the Employee Attendance Management Regulations. If overtime is required, employees must obtain prior approval from their superiors in accordance with the Human Resources Management Procedures. In addition to statutory public holidays, the Group also provides various types of leave, including annual leave, marriage leave, maternity leave, and paternity leave, to meet employees' diverse needs.

➤ **Equal opportunity**

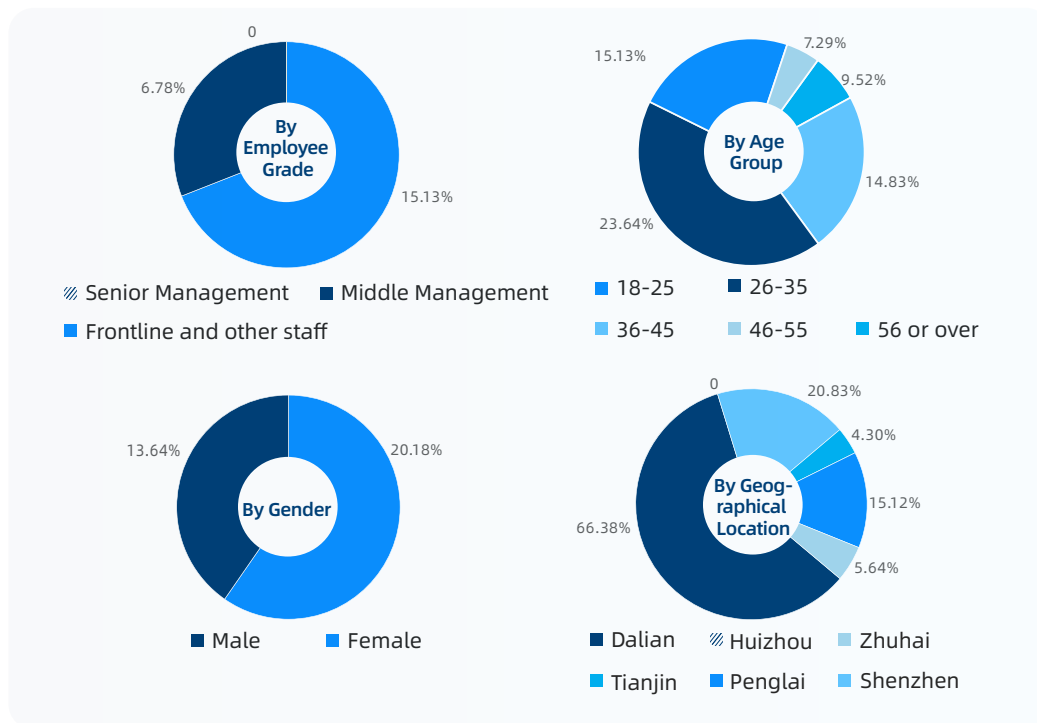
The Group is committed to fostering an inclusive and harmonious work environment, emphasizing equal opportunities, diversity, and anti-discrimination. No employee or job applicant is treated unfairly based on age, gender, race, religion, marital status, or disability. A grievance and reporting management system has been established, allowing employees to report any form of intimidation, insult, or harassment to the Human Resources Department. The Group has also set up a labor union to safeguard employees' rights, assigning relevant departments to conduct detailed investigations and ensure all employees receive equal treatment.

➤ **Employee care**

The Group firmly believes that employees are its most valuable asset. To enhance employees' sense of belonging, the Group organizes a variety of recreational activities, including employee forums, lunch gatherings, team-building activities, and sports events, fostering mutual understanding among employees. During the Reporting Period, the Group's subsidiaries organized activities such as a Women's Day appreciation event for female employees, encouraged participation in the 8th Yantai City Employee Vocational Skills Competition, and engaged employees in sports events, including the "Xianjing Cup" basketball tournament in Penglai District, showcasing the Group's energy and spirit. The Group also invited employees and their families to visit company facilities and participate in cultural interactions, further strengthening employees' sense of belonging and cohesion.

➤ Employee turnover rate

During the Reporting Period, a total of 322 employees left the Group, resulting in a turnover rate of 14.87%. The employee turnover rate is categorized as follows based on employee type, age group, gender, and region:



1.2 Employee Health and Safety

The Group places great importance on employee health and safety and has obtained ISO 45001 Occupational Health and Safety Management System certification, upholding its HSE commitment. The Group strictly complies with occupational health and safety-related laws and regulations, including but not limited to the following:

- Prevention and Control of Occupational Diseases Law of the PRC
- Law of the PRC on Work Safety
- Law of the PRC on Road Traffic Safety
- Regulation on Work-Related Injury Insurance
- Regulations of Guangdong Province on Production Safety
- Prevention and Control of Occupational Diseases Law of the PRC
- Law of the PRC on Work Safety (2021 version)
- Fire Protection Law of the PRC
- Labour Law of the PRC
- Workplace Occupational Health Management Regulations
- The Labor Contract Law of the PRC

➤ Work safety inspections and improvements

The Group prioritizes the well-being and safety of its employees, actively implementing measures to address key risks. Regular on-site safety inspections are conducted to assess operational hazards and formulate countermeasures, enhancing overall safety management efficiency.

Each year, the Group coordinates with third-party testing companies to evaluate occupational disease hazard factors in the workplace. Any areas that do not meet the monitoring standards are actively improved to ensure the occupational health of employees.

Following the OHSAS 18001:2007 certified occupational health and safety management system, the Group carries out routine monitoring and assessments. It has also developed a series of safety policies, including the "Employees Safety Handbook," "Health, Safety, and Environmental Protection Handbook," "Occupational Health, Safety and Environment Management Handbook," and "Caring Guidelines," to guide employees in preventing potential hazards in production processes.

Case

Penglai Jutal strictly adheres to safety production standards to ensure employee occupational safety

In 2024, the audit team identified two minor non-conformities of Penglai Jutal, both of which were rectified within the stipulated correction period. Additionally, the Group revised several safety management regulations, including the "Safety Sharing Management Procedures", "Safety Management System for Safety Management Personnel", "Safety Guidelines for Jacking Operations", "Safety Guidelines for Anti-tipping Operations", "Safety Management Procedures for Water Operations", "Management Procedures for Employee Health and Occupational Hygiene in Workplaces", "Safety Guidelines for Prevention of Falls from Objects", "Safety Guidelines for Operation in Limited Spaces", "Noise Monitoring and Hearing Protection Procedures", "Safety Management Procedures for Water Operations" and "Safety Management Procedures for Industrial Gases Management Procedures in the Plant" and other safety management systems

➤ Safety education and training and emergency management

The Group focuses on enhancing employees' safety knowledge by regularly offering safety training courses and health and safety seminars to various categories of employees, aiming to deepen their understanding of safe operating procedures, minimize safety accidents, and raise safety awareness. Regarding safety protective equipment, personal protective equipment is provided according to individual employee needs. In the event of a major risk or severe accident, such as fire, explosion, mechanical injury, or harmful substance leakage, the Group will immediately notify the emergency rescue command center and follow the established emergency response plan to handle the situation.

➤ Safe working environment

In addition to providing medical insurance benefits and annual check-ups, the Group also provides employee rest areas, psychological counseling centers, indoor basketball courts, and fitness equipment at the construction sites to promote employees' physical and mental health, enhance overall health, work vitality, and efficiency, and foster a supportive cultural atmosphere that prioritizes employees' well-being.

The Group ensures that subcontractors receive administrative and safety training before taking up their positions, ensuring they have the necessary knowledge and skills to work safely and efficiently.

During the Reporting Period, no serious violations were found regarding the provision of a safe working environment or the protection of employees from occupational hazards that could have significantly impacted the Group. The number of workdays lost due to work-related injuries was 92 days.

Indicator Name	2024	2023	2022
Number of Work-Related Fatalities	0	0	0
Rate of Work-Related Fatalities	0	0	0

1.3 Development and Training

Jutal strengthens employee training and provides comprehensive, professional talent development plans to help employees fully realize their potential with the support of the Group. Every year, the Group consolidates the annual training plans from various departments, analyzes employees' training needs, including internal and external courses to enhance work knowledge and skills, as well as specific plans for obtaining and updating certifications required for professional positions. Professional position skill or certification retraining is conducted before the certification expires and is included in the annual training plan. To align with business strategies and future development needs, the Group has developed specific training policies and guidelines such as the "Internal Training Management Measures," "Lecturer Management Method," "Employees Education and Training Control Procedures," "Human Resources Education and Training Implementation Procedures," and "Employees Career Management System," ensuring that employees receive training courses that match their personal development goals. By enhancing management, technical, and skill capabilities, employees and workers can maximize their effectiveness and establish a reliable internal talent pool.

During the Reporting Period, a total of 2,415 employees (including departed employees) received training, with a total of 47,949 hours of training and an average of 19.85 hours per employee.

Employee Category		Indicator	2024
By Employee Grade			
Senior Management	Percentage of employees trained		0.08%
	Average training hours completed per employee (hours)		20.00
Middle Management	Percentage of employees trained		2.36%
	Average training hours completed per employee (hours)		20.86
Frontline and other staff	Percentage of employees trained		97.56%
	Average training hours completed per employee (hours)		19.83
By Gender			
Male	Percentage of employees trained		84.64%
	Average training hours completed per employee (hours)		20.03
Female	Percentage of employees trained		15.36%
	Average training hours completed per employee (hours)		18.86

1.4 Labour Standards

The Group strictly adheres to the "Labour Law of the PRC," the "Provisions on the Prohibition of Using Child Labour," and internal recruitment guidelines, prohibiting the employment of workers under the age of 16 at operational sites.

Jutal firmly opposes child labor and forced labor, and strictly complies with local and national laws and regulations. The Group implements multiple policies and measures to safeguard employees' legal rights, prevent the employment of child labor or forced labor. Measures include the implementation of the "Child Labour Rescue and Minor Labour Management Control System," "Personnel Management Working Procedures," and "Employee Attendance Management Regulations." If violations are found, the Group will immediately terminate the employment of the relevant personnel and take necessary disciplinary actions against those who violate applicable laws and regulations. The Group can report any violations to legal entities in the operational regions, such as the Labour and Social Security Bureau of the PRC.

If extended working hours are required due to special circumstances, employees must apply for overtime and receive compensation in accordance with the provisions of the 'Personnel Management Procedures.' Department supervisors must arrange work hours flexibly while ensuring compliance with legal regulations and requirements.

During the Reporting Period, the Group were no instances of employing child labor or forced labor, nor were any violations of labor standards laws and regulations found.

(ii)Operational Practice

2.1 Supply Chain Management

Jutal firmly adheres to the principles of fairness, impartiality, and transparency in selecting suppliers according to the "Supplier Management Procedures." During the supplier selection process, the Group considers the supplier's background, as well as the importance of their products and services, ensuring effective planning, supervision, and control of the entire supply chain management system. Jutal aims to identify suppliers who are responsible to the environment and society and to collaborate with them to establish sustainable partnerships.

The Group integrates the concept of sustainable development into supply chain management to identify environmental and social risks associated with the supply chain. The procurement department works together with other departments responsible for quality management assessments, monitoring the quality and progress of materials supplied by suppliers according to the "Procurement Department HSE Management Procedures," ensuring that suppliers meet the requirements in areas such as materials, equipment, logistics, health and safety, and environmental management.

Supplier performance is included in the Group's occupational health and safety management system. The procurement team regularly communicates with suppliers and conducts comprehensive evaluations to assess their ESG performance, with a focus on reducing greenhouse gas emissions within the supply chain. Priority is given to local suppliers and those with environmental certifications.

The Group requires all suppliers to assume environmental and social responsibilities, encourages suppliers to develop and implement sustainable development policies and practices, promotes adherence to business ethics, and adopts sustainable procurement practices to build a sustainable value chain. If any violations of the Group's sustainable development principles occur, investigations and follow-up actions will be taken according to the existing mechanisms, including the possibility of terminating cooperation to safeguard the Group's and its clients' best interests.

During the Reporting Period, the Group had 772 suppliers of raw materials and services. Most of the suppliers were from mainland China, accounting for 98.70% of the total, while other suppliers were from countries such as Singapore, the United Kingdom, Germany, and others.

Region	Number of Suppliers	Type of Suppliers
Mainland China	762	Equipment supplier, raw material supplier
Other	10	Equipment supplier, raw material supplier

2.2 Product Responsibility

The Group strictly adheres to the relevant laws and regulations concerning health and safety, advertising, labeling, and privacy issues related to products and services, including the "Product Quality Law of the PRC," the "Contract Law of the PRC," the "Law of the PRC on the Protection of Consumer Rights and Interests," and the "Arbitration Law of the PRC." The Group regularly reviews relevant regulatory requirements and promptly adjusts company policies and procedures to comply with new regulations.

➤ Quality Assurance

The Group attaches great importance to the quality management of its products and services, implementing the ISO 19001 quality management system and strict system management procedures to maintain standardized processes for product quality control. This system covers processes such as the management, labeling, processing, storage, and inspection of raw materials. The Group has established a series of quality management inspection procedures, including the "Operation Rules for Self-purchasing Materials," "Project Material Labeling and Tracking Procedures," "Installation Management Procedures," "Warehousing Management Procedures," and "Secondary Warehouse Management Procedures," to ensure that products meet relevant quality standards.

Additionally, the Group has implemented the "Product Process Inspection Control Procedures." The quality control department regularly conducts spot checks and quality inspections of project raw materials. The inspections include evaluating product dimensions, weld appearance, sandblasting and coating processes, heat treatment, and conducting pressure tests to ensure that the raw materials used in projects meet construction requirements.

➤ Product Labelling, Health and Safety, and Advertising

Based on the nature of the Group's business, most products are manufactured according to customer specifications, and no labels were printed during the Reporting Period. The advertising and labeling of products and services are subject to applicable laws and regulations, including the "Trademark Law of the PRC" and the "Anti-Unfair Competition Law of the PRC."

During the Reporting Period, the Group's products and services did not violate any relevant laws or regulations concerning health and safety, advertising, labeling, or privacy, which would have had a significant impact on the Group.

During the Reporting Period, the Group maintained a robust news approval system. The responsible departments were authorized to publish project-related information on platforms such as the WeChat public account. However, any content related to the project must be approved by management before being released to the public to ensure that all information provided complies with relevant local laws and regulations, including ensuring accuracy and authenticity.

➤ Product Recall

The Group's commitment to quality management of its products and services is reflected in the comprehensive product quality control standardized processes. The Group has established procedures such as the "Operation Rules for Self-purchasing Materials," "Project Material Labeling and Tracking Procedures," "Installation Management Procedures," "Warehousing Management Procedures," and "Secondary Warehouse Management Procedures" to implement strict system management at every stage, including raw material management, labeling, processing, storage, and inspection, ensuring that products meet relevant quality standards.

To further improve quality control, the Group has developed the "Product Process Inspection Control Procedures," under which the quality control department is responsible for conducting regular spot checks and inspections of project raw materials, including evaluating product dimensions, weld appearance, sandblasting, coating, heat treatment, and pressure testing, to ensure that raw materials used in projects meet specific construction requirements.

During the Reporting Period, no products were recalled due to health or safety reasons, and no serious violations of laws or regulations concerning product health and safety or customer service were found that would have had a significant impact on the Group.

➤ Customer Service

The Group is committed to providing professional, customized services to meet the diverse needs of different customer groups. To achieve this goal, the Group has established a robust after-sales service system aimed at monitoring the condition of products used by customers and assisting them in resolving any operational issues they may encounter. The Group provides support and assistance as needed, including sending technical personnel to customer sites for maintenance and resolving all technical problems.

Additionally, the Group has established a comprehensive customer feedback and complaint mechanism to ensure effective communication with customers. Feedback and complaints are collected and analyzed by the Group's project department, which conducts a thorough investigation of the issues raised by customers and develops improvement plans to address the problems, preventing similar issues from occurring in the future.

During the Reporting Period, the Group did not receive any complaints.

➤ Data Protection and Confidentiality Measures

The Group takes strict measures to ensure the protection of personal privacy and commercial sensitive information, requiring employees to comply with the "Employee Confidentiality Management System" and relevant laws and regulations to prevent the leakage of customer information for personal gain. To prevent data breaches and unauthorized access to systems, the Group has migrated its email to a secure third-party cloud platform and implemented firewalls, encryption systems, and enhanced network security measures. Additionally, the Group has strengthened the complexity of administrator passwords and improved the security of application servers, demonstrating the Group's commitment to safeguarding data security and confidentiality and protecting sensitive information, giving customers peace of mind.

During the Reporting Period, no customer data was lost or privacy breached, and no serious violations of laws or regulations regarding customer data and privacy protection had a significant impact on the Group.

➤ Intellectual Property Protection

When formulating supplier contracts, the Group includes confidentiality agreements and other provisions to protect both the Group's and the suppliers' interests and clearly define the protection of confidential and sensitive information, including intellectual property rights. The Group explicitly requires that business partners may not disclose, leak, or use any company confidential information or intellectual property without mutual consent, aiming to prevent infringement, theft, or unauthorized use of intellectual property. If there is a violation of the contract or unauthorized disclosure of confidential information or intellectual property, the Group will take legal action to protect its intellectual property, and the responsible parties will be held accountable for their actions.

For the Group's internal technological innovation achievements, the Group specifies that the achievements and results of the research and development team belong to the Group, and the Group can fully utilize these inventions, creations, computer software, and other business secrets within its business scope, including copying, operating, or transferring them to third parties, clearly defining the ownership of the Company's technological innovation achievements.

Type	Patents approved during the Reporting Period	Patents approved prior to the Reporting Period
Inventions patents	14	30
Utility model patents	20	140
Total	34	170

2.3 Anti-corruption

The Group strictly complies with national anti-corruption and anti-bribery laws and regulations, upholds high ethical standards in all business activities, and clearly outlines its anti-corruption policies, ethical standards, and requirements in the Employee Handbook. Employees are required to maintain a high level of integrity in all business dealings. The Group has implemented strict anti-corruption policies and management systems to prevent employees from engaging in corrupt or unethical behavior. These measures include:

Laws and Regulations	<ul style="list-style-type: none"> ● Anti-Unfair Competition Law of the PRC ● Criminal Law of the PRC
Policies and Compliance	<ul style="list-style-type: none"> ● Establishment of anti-corruption policies and management systems ● Strict adherence to the Anti-Commercial Bribery Management System and the Code of Business Conduct ● Prohibition of soliciting bribes or engaging in improper conduct
Preventive Measures	<ul style="list-style-type: none"> ● Prohibition of corruption or embezzlement of company assets ● Discouraging the acceptance of unnecessary hospitality and gifts ● Encouraging employees to follow designated reporting guidelines and channels to report corruption or conflicts of interest
Investigation and Consequences	<ul style="list-style-type: none"> ● Handling reports and complaints through relevant complaint mechanisms ● Referring offenders to law enforcement agencies for prosecution
Risk Assessment and Training	<ul style="list-style-type: none"> ● Regular identification and assessment of corruption-related risks ● Providing integrity, ethics, and anti-corruption training for directors and employees to enhance their understanding of anti-corruption laws and regulations

By implementing these policies and measures, the Group aims to prevent corruption, uphold business ethics, and ensure compliance with anti-corruption laws and regulations. All employees, regardless of seniority or employment type, must fully comply with the following anti-bribery and anti-corruption regulations.

Case

Penglai Jutal Strengthens Employee Anti-Corruption Training

To reinforce the Group's anti-corruption practices, Penglai Jutal conducted an anti-corruption training session during the Reporting Period. A total of 24 employees actively participated in the training, strengthening their awareness of anti-corruption measures.

➤ Whistleblowing system

The Group has established a whistleblowing policy to enable employees to report unethical business practices or suspected misconduct. Whistleblowers can confidentially report to the Fair and Integrity Supervision Team or the Human Resources Management Department and provide relevant evidence. If necessary, reports can also be made directly to the General Manager. All reports and the identities of whistleblowers are kept strictly confidential. If an employee is found to have engaged in misconduct, the Group reserves the right to take disciplinary action, including termination of employment.

The Group does not assist, abet, support, or conspire with any individuals engaged in or planning illegal activities. During the Reporting Period, no significant violations of anti-corruption, bribery, fraud, or money laundering laws that had a material impact on the Group were identified. Additionally, there were no concluded legal cases against the Group or its employees related to corruption.

2.4 Community Investment

The Group actively fulfills its social responsibilities by carrying out a variety of activities in community contribution and investment. In the cultural sector, Penglai Jutal participated in the May Day Celebration Charity Performance in the Penglai District, bringing wonderful performances to the local community and enriching community cultural life. In terms of educational support, the Group provided observation and learning opportunities for students from Shandong University of Science and Technology, Yantai Institute of Science and Technology, and Yantai University. Additionally, it became a practice teaching base for Yantai Institute of Science and Technology, providing strong support for students' practical education and career development. Through these activities, the Group has made positive contributions to community development, educational support, and corporate culture enhancement.



APPENDIX: HONG KONG STOCK EXCHANGE "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT GUIDE" CONTENT INDEX

Aspects		Description	Related Section
A. Environmental			
Aspect A1: Emissions	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer Relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Protection
	A1.1	The types of emissions and respective emissions data.	Air Emissions
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emissions
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	Air Emissions
	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.	Waste Management
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Use of Resources

Aspect A2: Use 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).	Energy Consumption Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resource Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption Management
	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.	Water Resource Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Packaging Materials
Aspect A3: The Environ- ment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Major Climate-Related Risks
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Major Climate-Related Risks
B. Social			
Aspect B1: Employment	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Equal Employment

Aspect B1: Employment	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Equal Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	Equal Employment
Aspect B2: Health and Safety	General Disclosure	(a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Health and Safety
	B2.2	Lost days due to work injury.	Employee Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards	General Disclosure	(a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Standards
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Standards

Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti- corruption	General Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption

Aspect B7: Anti-corruption	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.	Anti-Corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-Corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment