



**DONGGUANG CHEMICAL LIMITED**

**東光化工有限公司**

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1702



**2025**

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# CONTENTS

Introduction	3
1. Company profile	6
1.1 About us	6
1.1.1 Brief Introduction	6
1.1.2 Major industries	7
1.1.3 Corporate social responsibility	10
1.2 Honors and Achievements	11
1.2.1 Responsibility honors overview	11
1.2.2 Key achievements overview	13
1.3 Corporate governance	14
1.3.1 Corporate Governance Framework	14
1.3.2 Board member diversification policy	16
1.3.3 Overview of Dongguang Chemical Limited's Board of Directors	17
1.3.4 Overview of stakeholders and the communication with them	19



2.	Environmental Performance Analysis	24
2.1	Overview of relevant environmental protection policies in major business areas	24
2.2	Emissions Correlation Analysis	26
2.2.1	Exhaust emission data calculation	26
2.2.2	GHG emissions data calculation	27
2.2.3	Climate Risks and Opportunities	28
2.3	Waste classification and emissions	39
2.3.1	Waste classification and processing	39
2.4	Resource Usage Analysis	41
2.4.1	Main energy consumption structure of enterprises	41
2.4.2	Other Energy Consumption Statistics	42
2.4.3	Plan and Effects of Energy Saving and Emission Reduction	42
2.4.3.1	Freeze blocking and waste avoiding	42
2.4.3.2	The use of heater	42
2.4.3.3	Electricity-saving management	43
2.4.3.4	The use of air-conditioning	43
2.4.3.5	Water conservation	43
2.4.3.6	Energy saving	43
2.5	Enterprise environmental protection	44
2.5.1	Report on the air, water and noise situation of the plant	44
2.5.2	Environmental System Treatment Process	44
2.5.3	Strengthen pollution control facilities	48
2.5.4	Environmental inspection department daily inspection	49
2.5.5	Green construction	49
3.	CSR Analysis	50
3.1	Employment and labor status analysis	50
3.1.1	Overview of staff employment and labor standards	50
3.1.2	Overview of employee Health and Safety	52
3.1.3	Overview of Staff development and training	55
3.1.4	Guidelines and measures to prevent child labor or forced labor	57
3.2	Analysis of Operation Management Status	58
3.2.1	Overview of Supply Chain Management	58
3.2.2	Analysis of Anti-corruption Measures of Enterprise	59
3.3	Product liability	60
3.4	Community investment	60
4	Future planning	63
4.1	The external risks and future plans	63
4.2	The internal risks and future plans	63
4.3	Future development strategy and business plan	63

## INTRODUCTION

### About the report

Dongguang Chemical Limited (hereinafter referred to as the “**company**”; together with its subsidiaries, “**the Group**”), and its subsidiaries are pleased to submit their annual environmental, social and governance (ESG) report to disclose our ESG management policy and main operating performance.

### Report period

Unless otherwise stated, the content of this report covers the year from January 1, 2025 to December 31, 2025.

### Report scope

The Group and its subsidiaries focus on the research and production of urea products, while also introducing new products—automotive urea and slow-release urea—for use in diesel vehicles such as heavy trucks and buses, as well as in agricultural applications to extend fertilizer efficacy.

The Group continues to fulfill its promise as a responsible company by making progress in environmental protection and sustainable development. Through cooperation with relevant stakeholders and partners, we fulfill our commitment to maintain the core values of the Group. Guided by the implementation of social responsibility plans, we focus on sustainable development, environment and society.

### Reporting principles

This report aims to provide relevant stakeholders with an overview of the group’s policies, performance and plans on major environmental and social issues. All information in this report is compiled and published in an accurate, truthful and transparent manner in accordance with existing policies, practices, and official documents or reports, and follows the following reporting principles:

<b>Importance</b>	Environmental, social and governance issues that have a significant impact on investors and other relevant stakeholders must be listed in this environmental, social and governance report.
<b>Quantify</b>	If key performance indicators are established, they must be measurable and comparable under appropriate circumstances. These indicators must also explain the purpose and effect of the quantitative information.
<b>Balance</b>	This Environmental, Social and Governance Report shall impartially report the Group’s performance in environmental, social and governance aspects, and avoid choices, omissions or reporting formats that may improperly influence readers’ decisions or judgments.
<b>Consistency</b>	This report calculates ESG data based on the “ESG Guidelines” and consistent methods.

## Our ESG management policy

The group has implemented a top-down management policy on ESG management within the group. The Board of Company is responsible for determining the Group's ESG strategy, assessing ESG risks and opportunities, and monitoring the overall ESG performance of the Group (including environmental management issues, labor practices and other ESG aspects).

## Board declaration

The board plays an important role in overseeing the group's environmental, social and governance issues. During the year, the board, and management along with the environmental, social and governance team spent significant time assessing the impacts that environmental, social and governance-related risks pose on operation, and developing environmental, social and governance policies to address associated risks. The management of the group holds regular meetings to understand the progress, objectives and objectives of environmental, social and governance related performance.

The board is in charge of monitoring strategies and reporting of the group's environmental, social and governance to ensure that the board's requirements are met. In addition, the board also oversees and reviews the group's compliance with environmental, social and governance laws and regulations of external regulatory bodies such as The Stock Exchange of Hong Kong Limited (the "Exchange"). The board holds regular meetings to help understand progress, goals and objectives of environmental, social and governance-related performance.

The board incorporates sustainability factors into the annual strategic planning, stay abreast of the latest developments in domestic and international sustainability disclosure standards such as the Stock Exchange's ESG Reporting Code and IFRS S2, and listen to regular reports from the ESG working group to fully understand and grasp the progress of climate-related issues and their impact on the company's operations. On this basis, the company proactively integrates climate-related risks and opportunities into its overall business decision-making and strategic formulation. Through regularly listening to reports from the ESG working group and implementing continuous monitoring and dynamic evaluation mechanisms, the company ensures that climate change factors are fully integrated into the implementation of corporate strategy, major transaction decision-making, and risk management processes, thereby endowing the company's strategies with flexibility and foresight in the face of uncertainty.

As the supreme accountability body and governance unit for corporate climate governance, the board of directors is primarily responsible for formulating the company's climate governance framework and management mechanisms. Board members possess professional expertise in corporate governance, climate strategy and financial planning, risk management, internal control auditing, and other areas. Meanwhile, the company regularly conducts training on climate change issues to continuously enhance the foresight, decision-making capabilities, and management skills of board members in response to the ever-changing external environment and internal needs, thereby providing solid assurance for the company's efforts in addressing climate change.

The management and the environmental, social and governance team are primarily responsible for reviewing and overseeing the group's environmental, social and governance processes and risk management. Environmental, social and governance matters and environmental, social and governance related issues were reviewed at the daily work meeting during the year.

The board has identified potentially significant issues relating to its business and stakeholders. The board, as the main stakeholder of the group, also participates in the materiality assessment and provides constructive advice on the importance of environmental, social and governance issues.

The board of directors assumes specific responsibilities for the oversight of ESG matters, including climate issues, and establishes regulations for the management responsibilities related to ESG and climate change.

**Strategic Review:** Review the climate strategy submitted by the ESG working group to ensure alignment with the company's overall business development objectives, risk appetite, and long-term value creation direction.

**Performance monitoring:** The ESG working group regularly provides special reports to the board of directors, reporting on the progress of key post-period goals.

**Internal Communication:** Collaborate closely with the ESG working group to ensure the effective implementation of the ESG strategy across all levels, from strategic to operational, within the organization.

**Risk and opportunity assessment:** guide and supervise the assessment of climate-related risks and opportunities.

## 1. COMPANY PROFILE

### 1.1 About us

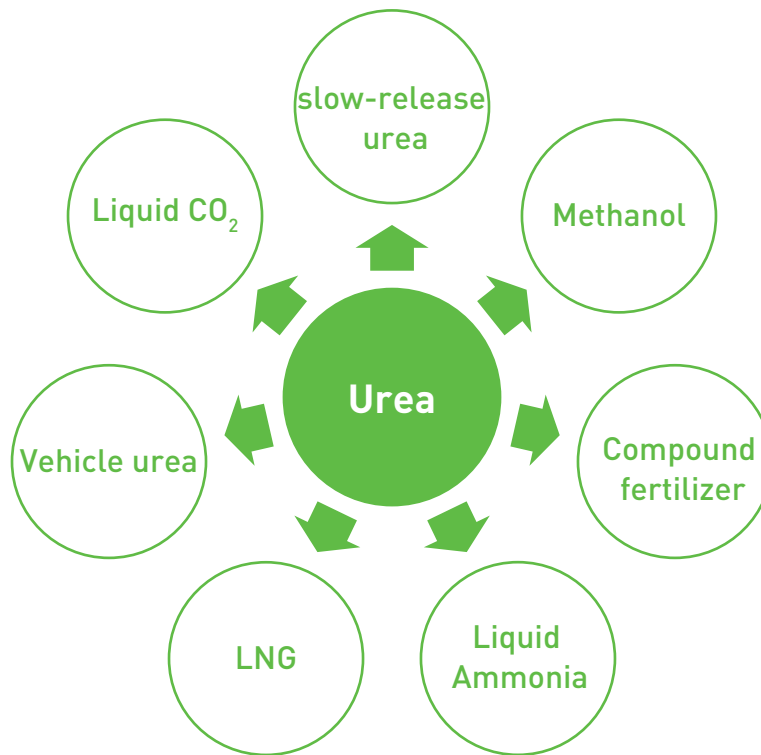
#### 1.1.1 Brief Introduction

Hebei Dongguang Chemical Co., Ltd (“**Dongguang Chemical**”), the indirect wholly owned subsidiary of Dongguang Chemical Limited was originally established in 1970. Its predecessor, Hebei Dongguang Huafei Factory (“**Dongguang Huafei**”), was a local state-owned enterprise and was later privatized and reorganized in July 1998. On July 11, 2017, The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), (Stock code “1702”).

We have been focusing on the research and production of urea since 2001, and have gradually grown into the largest urea production enterprise in Hebei Province and ranked among the top 20 urea manufacturers over the country. We are close to major national highways, railways and important ports in North China. The superior geographical location allows the Group to quickly meet the demands of customers in various regions. The Group has maintained a good relationship with clients while building its brand image in Hebei Province and surrounding areas. We continuously improve production technology, improve product quality and quantity, and actively control costs while increasing revenue. We focus on environmental protection and production safety, with a stable talent team and management team, laying a solid foundation for the Group’s subsequent development. The Group currently has two sets of urea production plants, of which the annual production capacity of leading product urea is 1.1 million, and some by-products such as methanol, liquid CO<sub>2</sub>, LNG, vehicle urea, compound fertilizer, etc. Since the establishment of the plant, The Group has been adopting the fixed-bed intermittent coal gasification process. After 50 years of scientific transformation and independent development, The Group has made the fixed intermittent coal gasification process fully automated and achieve zero-emission, ensuring that the production process is intrinsically safe and clean.

In July 2019, we were on the list of green factories announced by the Ministry of Industry and Information Technology and were selected as a “National Green Factory”, reflecting the society’s recognition of The Group’s environmental protection and actively promote our construction of green industry.

### 1.1.2 Major industries

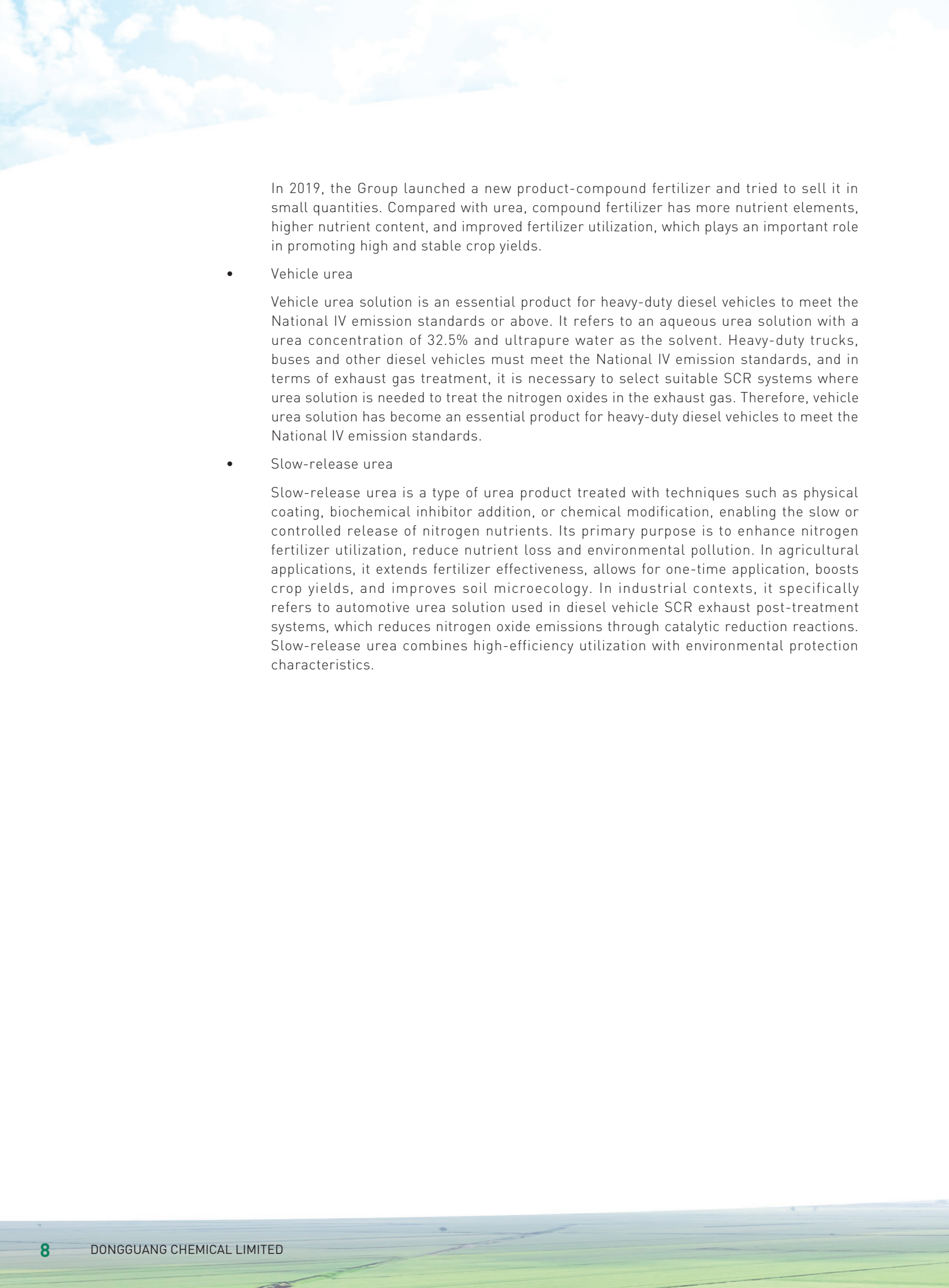


The Group is one of the major coal-based urea producers in the PRC, with headquarter located in Hebei Province. The Group mainly produces and sells urea. It also produces and sells other by-products of urea, including methanol, liquid carbon dioxide and liquid natural gas.

- Urea

Urea is a white crystal composed of carbon, nitrogen, oxygen and hydrogen. It is one of the simplest organic compounds and nitrogen fertilizer containing the highest nitrogen content. Urea is a neutral fertilizer, easy to store and use. It has little damage to the soil and is suitable for various soils and plants.

Based on particle size, urea products can be categorized into granular urea (large granular) and prilled urea (small granular). Compared with the prilled urea, the granular urea has a higher fertilizer utilization rate and a longer fertilizer effect time. It is often used as a base fertilizer and has comparatively obvious seasonal characteristics. The prilled urea is slightly faster to dissolve and release after application. It is commonly used for fertilization and can be used all year round. As the Group's main product, urea sales volume accounts for a high proportion of the total product sales year round, and customers who buy urea products mainly include (i) farmers who use urea as fertilizer; (ii) enterprises that directly sell urea to farmers; (iii) enterprises that use urea to produce synthetic fertilizers; (iv) Chemical enterprises that use urea to produce melamine and Cyan uric acid.



In 2019, the Group launched a new product-compound fertilizer and tried to sell it in small quantities. Compared with urea, compound fertilizer has more nutrient elements, higher nutrient content, and improved fertilizer utilization, which plays an important role in promoting high and stable crop yields.

- Vehicle urea

Vehicle urea solution is an essential product for heavy-duty diesel vehicles to meet the National IV emission standards or above. It refers to an aqueous urea solution with a urea concentration of 32.5% and ultrapure water as the solvent. Heavy-duty trucks, buses and other diesel vehicles must meet the National IV emission standards, and in terms of exhaust gas treatment, it is necessary to select suitable SCR systems where urea solution is needed to treat the nitrogen oxides in the exhaust gas. Therefore, vehicle urea solution has become an essential product for heavy-duty diesel vehicles to meet the National IV emission standards.

- Slow-release urea

Slow-release urea is a type of urea product treated with techniques such as physical coating, biochemical inhibitor addition, or chemical modification, enabling the slow or controlled release of nitrogen nutrients. Its primary purpose is to enhance nitrogen fertilizer utilization, reduce nutrient loss and environmental pollution. In agricultural applications, it extends fertilizer effectiveness, allows for one-time application, boosts crop yields, and improves soil microecology. In industrial contexts, it specifically refers to automotive urea solution used in diesel vehicle SCR exhaust post-treatment systems, which reduces nitrogen oxide emissions through catalytic reduction reactions. Slow-release urea combines high-efficiency utilization with environmental protection characteristics.

- Compound fertilizer

Compound fertilizer refers to a chemical fertilizer that contains two or more nutrients in nitrogen, phosphorus, and potassium. Compound fertilizer has the advantages of high nutrient content, fewer side components, and good physical properties. It plays a very important role in balanced fertilization, improving fertilizer utilization efficiency, and promoting high and stable crop yields.

- Liquid carbon dioxide

Liquid carbon dioxide is a gas generated in the decarbonization step during the manufacturing process of urea. It is obtained after several steps such as purification, compression, purification, distillation and cooling. Liquid carbon dioxide is often used as a refrigerant and artificial rainfall due to its extremely low temperature (-37°C); it can be used to extinguish fires caused by flammable liquids due to its rapid cooling and oxygen isolation characteristics. It is also one of the important main raw materials, for example it is often used to make products such as soda ash.

- Methanol

Methanol is a colorless, transparent and volatile liquid with a pungent odor. It is soluble in water and miscible in organic solvents such as ethanol and benzene. Therefore, it is an important organic chemical raw material. Methanol is mainly used in the production of formaldehyde, and is also commonly used in industries such as medicine, agriculture, chemical industry, and energy.

The methanol production methods include gas-to-methanol, coal-to-methanol, and cooking gas to methanol. Because of the lack of natural gas resources, the Group mainly uses coal to produce methanol, and is equipped with innovative equipment and utilizes technologies developed by China to facilitate the Competitors are in an advantage state.

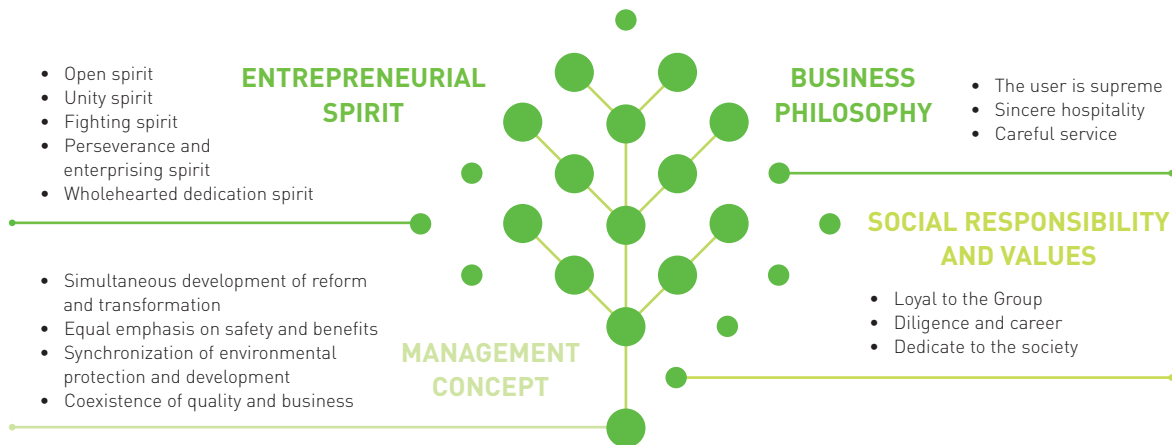
- Liquid natural gas

The main component of liquid natural gas is methane, which is recognized as the cleanest energy source on Earth. It is colorless, odorless, non-toxic, and non-corrosive. It is a relatively advanced energy source. As the heat utilization rate of natural gas can reach 55%, which is higher than that of oil and coal, many countries import liquefied natural gas for power generation. Secondly, companies that produce glass and ceramics are often far away from cities or gas pipelines while consuming a lot of energy. Compared with coal, liquefied natural gas can not only solve the above-mentioned problems, but also greatly improve the quality of products, making it a popular choice for similar enterprises. In addition, as a sustainable and clean energy source, liquefied natural gas can also be used as an alternative fuel for automobiles and as a fuel for residents' daily life.

- Liquid ammonia

Liquid ammonia, a colorless liquid with a strong pungent odor, is an important chemical raw material in industry. Liquid ammonia is widely used in the production of chemical fertilizers, such as nitric acid, and can also be used as a raw material for medicines and pesticides. Because liquid ammonia is converted into gas ammonia after gasification, it can absorb a lot of heat and is known as a refrigerant. In addition, liquid ammonia has a certain sterilization effect, so it is used for sterilization and cooling in the poultry breeding industry. At the same time, because of its special chemical properties, it is often used in the production of semiconductors and integrated circuits.

### 1.1.3 Corporate social responsibility



## 1.2 Honors and Achievements

### 1.2.1 Responsibility honors overview

Since the establishment of the Group, we have won many honors with our good brand image, advanced manufacturing process, well-developed corporate governance structure, sound information disclosure system, and environmentally safe production awareness and concepts. We were honored 2011-2012 Technologically Advanced Enterprises, Top 20 National Nitrogen Fertilizer Enterprises Urea Total Profit Companies in 2015, Safety Production Standardization Secondary Enterprise in 2016. In 2018, we were honored the title of "Advanced Enterprise" and Top 20 National Nitrogen Fertilizer Enterprises Urea Production and Total Profit Companies. In 2019, it was awarded the titles of Advanced Unit of Energy Conservation and Emission Reduction in the Nitrogen Fertilizer and Methanol Industry, and "Hebei Province Credit Enterprise". In 2020, it was awarded the "2020 China Top 500 Petroleum and Chemical Enterprises", "Hebei Province Leading Industry Leading Enterprise", "China Nitrogen Fertilizer Industry "Vice Chairman Unit of the Seventh Council of the Association" and other titles. In 2021, it was awarded the "2021 China Top 500 Petroleum and Chemical Enterprises", "2021 Hebei Province manufacturing top 100 private enterprises", "Advanced unit of energy conservation and emission reduction in nitrogen fertilizer and methanol industry during the 13th Five-Year Plan period", "The eco-friendly development model in China Petroleum and Chemical Industry during the 13th Five-Year Plan period ", In 2022, it won the titles of "Hebei Honest Co construction Enterprise", "Hebei Contract abiding and Credible Enterprise", "Top 20 Total Profits of Nitrogen Fertilizer Industry", "Top 20 Urea Production of National Nitrogen Fertilizer Enterprises", "exemplary organization of Energy Conservation and Emission Reduction in Nitrogen Fertilizer and Methanol Industry", "Water Efficiency Leader Enterprise in Nitrogen Fertilizer Industry", "Hebei Honest Enterprise", "Benchmark Unit of Raw Material Fuel and Power Consumption Industry (Fixed Layer Intermittent Coal Gasification Synthetic Ammonia)" "356 of the top 500 petroleum and chemical enterprises with sales revenue in 2022 (comprehensive category)". In 2023, it won the titles of "2022 Provincial Manufacturing Single Champion Product", "Hebei Contract abiding and Credible Enterprise", "2022 Top 20 Total Profits of Nitrogen Fertilizer Industry", "2022 Top 20 Urea Production of National Nitrogen Fertilizer Enterprises", "Hebei May Day Labor Award", "Hebei County Characteristic Industrial Cluster Enterprise Leader Enterprise", "Hebei Honest Enterprise", "2022 exemplary organization in Energy Conservation and Emission Reduction of Nitrogen Fertilizer and Methanol Industries", 2023 Meritorious Enterprise, 2023 Top 20 National Nitrogen Fertilizer Enterprises in terms of Total Profit, Hebei Province Integrity Enterprise, Top 20 Urea Producers in China's Nitrogen Fertilizer Industry in FY2024.

The following is an overview of the honors we received in 2025:



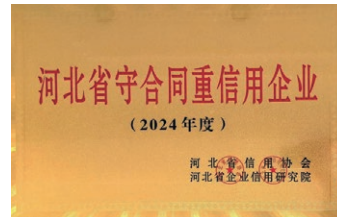
In May 2025, Dongguang Chemical was awarded the title of "Top 20 Urea Producers in the National Nitrogen Fertilizer Industry in 2024" by the China Nitrogen Fertilizer Industry Association



In November 2024, Dongguang Chemical was awarded the title of "3A Credit Enterprise in Enterprise Credit Evaluation" by the China Nitrogen Fertilizer Industry Association



In September 2024, Dongguang Chemical was awarded the title of Hebei Province Integrity Enterprise by the Office of Hebei Province Integrity Enterprise Selection Committee.



Dongguang Chemical has been awarded the title of Hebei Province Contract-abiding and Creditworthy Enterprise by Hebei Provincial Credit Association and Hebei Provincial Enterprise Credit Research Institute.

### 1.2.2 Key achievements overview

In 2025, the group will continue to introduce advanced technology and equipment on the production line to effectively increase production capacity and reduce production costs. Secondly, a thorough transformation and upgrade have been carried out, in response to the environmental protection problems that have plagued the fixed-bed intermittent coal gasification process for many years. The Group realizes the closed circulation and clean treatment of the direct cooling of the gas-making cooling water to indirect cooling, and realize the “zero discharge” of waste water, waste gas and residue. Based on The Group’s continuous attention and efforts to environmentally friendly production and safe production, The Group has been shortlisted for the fourth batch of green manufacturing publicity lists of the Ministry of Industry and Information Technology since 2019, and has been rated as a national green factory.

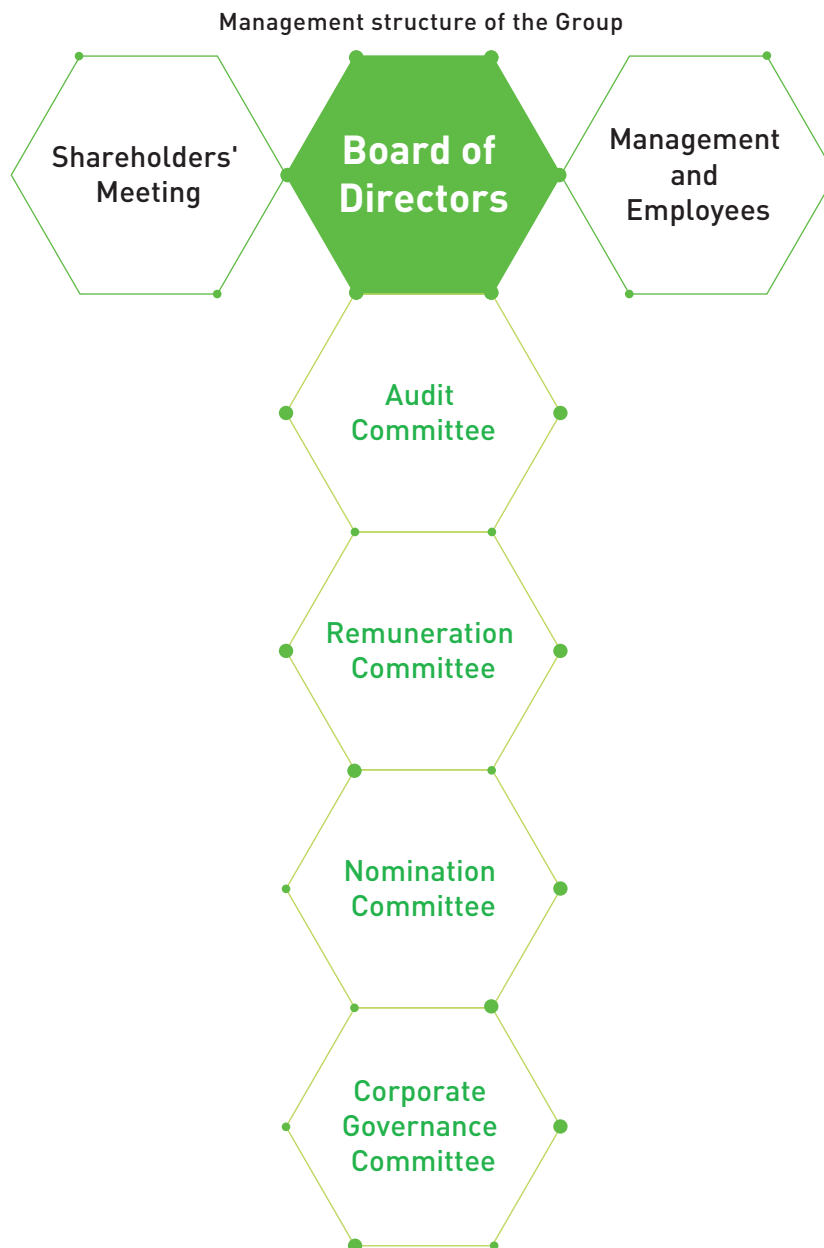
A green factory refers to a factory that realizes intensive land use, clean production, waste recycling, and low-carbon energy. In June 2015, the State Council officially issued “Made in China 2025”, which proposed to adhere to the basic principles of “innovation-driven, quality first, green development, structural optimization, talent-oriented”, and took the construction of green factories as a priority. The green factory is the main body of green manufacturing and plays a vital role in the industrial environmental protection upgrade. Green manufacturing is an important means to solve national resource and environmental problems, an important task for industrial transformation and upgrading, an effective way for the industry to achieve green development, and an inevitable choice for enterprises to actively assume social responsibility.

We have long been adhering to the concept of green environmental protection development, non-stop technical transformation, management and efficiency, and has done a lot of work in green transformation and achieved good results. In the future, we will continue to improve the Group’s green level from various aspects such as energy and water saving, cleaner production, pollution prevention, and comprehensive utilization of resources, and improve the construction of the Group’s green manufacturing system.

## 1.3 Corporate governance

### 1.3.1 Corporate Governance Framework

In accordance with relevant national laws and regulations, the resolutions of the shareholders' (general) meeting and The Group's articles of association, The Group has clarified the organization of the chairman, board of supervisors, management and various levels of The Group's internal organization, staffing, responsibilities, working procedures and related requirements Hierarchical system. The group's management structure is shown in the following table



With reference to the above corporate governance system, the main conditions of corporate governance are as follows:

- (1) Shareholders and Shareholders' Meetings: During the year, when the general meeting of shareholders of the Group reviewed relevant proposals and the Group's major business decisions, the topics of the meeting were considered through voting and the authorities were exercised according to law.
- (2) The relationship between the controlling shareholder and the listed company: The resolution of the general meeting must be passed by more than half of the voting rights held by the shareholders attending the meeting. The controlling shareholders strictly abide by the relevant laws and regulations of the securities market, regulate The Group's corporate governance and information disclosure procedures, and perform their duties with due diligence to promote the standardized operation of The Group and improve the quality of The Group.
- (3) Directors and Board of Directors: All directors of The Group exercise their powers and obligations strictly in accordance with the provisions of the listing rules, perform their duties faithfully, and safeguard the interests of The Group. The directors of The Group maintain a cautious, serious and diligent attitude, and make objective and fair judgments on the resolutions considered by the board of directors based on their professional knowledge and capabilities. Regularly convene and actively participate in board meetings to promote the effective operation of The Group. The board of directors is responsible for formulating and supervising The Group's strategic development and assuming the Group's corporate governance responsibilities.
- (4) Executives: The group employs and changes senior management personnel in strict accordance with the provisions of the listing rules. Senior management personnel are able to perform their duties in accordance with laws and regulations, have important responsibility for The Group's management and performance benefits, and make every effort to realize The Group's best interests.

### 1.3.2 Board member diversification policy

The Group adopted the diversification policy for the members of the Board of Directors on June 20, 2017. The summary of the policy is disclosed as follows:

#### Policy Summary

In order to achieve sustainable and balanced development, the Group regards the increasing diversification of the board of directors as the key element to support it to achieve its strategic objectives and maintain sustainable development. All appointments of the Board of Directors shall be based on the principle of talents, and the benefits of diversification of the members of the Board of Directors shall be fully considered with appropriate conditions when considering candidates.

#### Measurable objectives and progress

The selection of candidates will be based on a series of diversified categories, with reference to the Group's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee reviews this policy and measurable objectives every year, including the diversity of the gender and age groups of the members of the Board of Directors, the experience of the members of the Board of Directors in various industries, and the knowledge and skills in different fields, to ensure the continued effectiveness of the Board of Directors.

As of the last practical date, the Group has seven directors, including different gender and age groups. In addition to chemical industry, the members of the Board of Directors also include industry experience and professional experience in finance, legal affairs and corporate governance. The Nomination Committee has reviewed the Board diversity policy and measurable objectives of the members of the Board of Directors, and believes that the members of the Board of Directors have achieved an appropriate balance in the diversification of skills, experience and perspectives, and the measurable objectives have been achieved, and believes that the diversification policy of the members of the Board of Directors is effective.

### 1.3.3 Overview of Dongguang Chemical Limited's Board of Directors

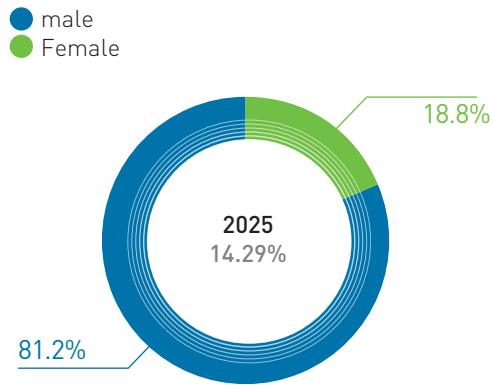
The board of directors is the Group's business decision-making center. The board of directors is entrusted by the general meeting of shareholders to manage The Group's legal person property and is responsible for the general meeting of shareholders. As of December 31, 2025, The Group's board of directors is served by seven directors, including three executive directors and four independent non-executive directors.

Director Information:

Name	Age	Position	Date of appointment	Date of joining the Group	Responsibility
Wang Chunmeng	42	Executive director Chairman of the Board	2023.7.3	2023.7.3	Responsible for the overall strategic development of the group, leading the business development of the group, and overseeing the group's strategic investments and sustainable development plans
Wang Zhihe	68	Executive director	2014.06.12	1998.07	Responsible for the overall strategic development and business development of our group
Sun Zushan	73	Executive director	2014.06.12	1998.07	Responsible for the overall operational management of the Group
Xu Xijiang	64	Executive director	2014.06.12	1998.07	Responsible for the overall technology and production management of the Group
Lin Xiuxiang	63	Independent non- executive director	2017.06.20	2017.06	Supervise the board, Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and make independent judgments
Liu Jincheng	62	Independent non- executive director	2017.06.20	2017.06	Supervise the board, Audit Committee, Remuneration Committee, Nomination Committee and make independent judgments
Ng Sai Leung	53	Independent non- executive director	2017.06.20	2017.06	Supervise the board, Audit Committee, Remuneration Committee, Corporate Governance Committee and make independent judgments

Diversification results of the Board of Directors:

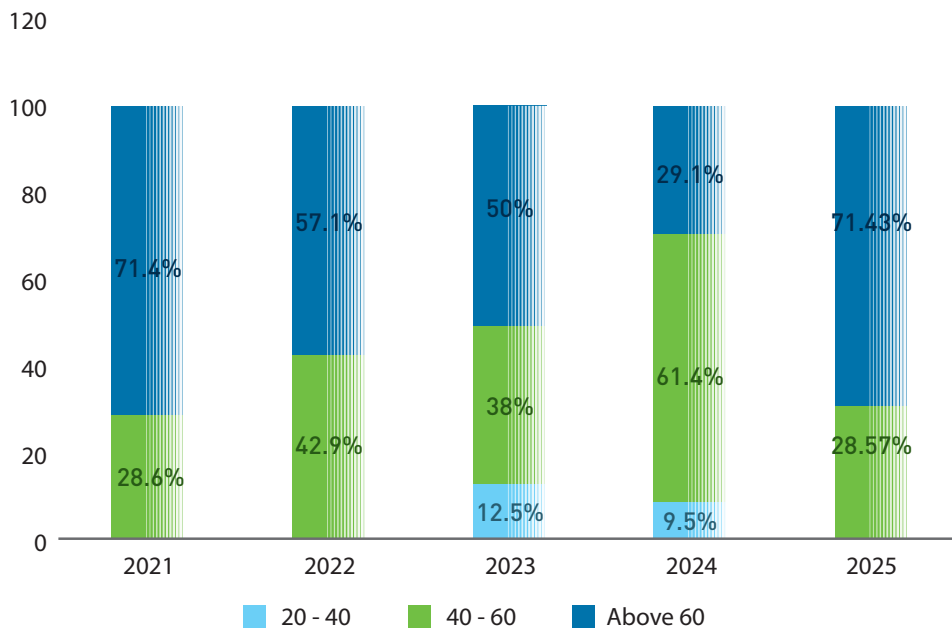
Gender distribution (percentage of directors held by women in the Group)



Industry average (raw material industry)

Female 18.8% male: 81.2%

Age distribution (calculated by the position of directors of the Group):



Industry average (raw material industry)

20 to 40 years old 10.6% 40 to 60 years old 63.1% over 60 years old 26.3%

### 1.3.4 Overview of stakeholders and the communication with them

The relevant stakeholders and The Group are complementary to each other, and different stakeholders play different roles in The Group. The development of The Group is inseparable from the participation, investment and supervision of various stakeholders, so the relevant stakeholders are extremely important for the survival, development and governance of The Group, and the relevant stakeholders also achieve their own goals through The Group. Therefore, the ability to maintain good communication with relevant stakeholders will affect The Group's daily operations. The Group should maintain a certain frequency of contact with relevant stakeholders to facilitate understanding of its goals and concerns. At the same time, the opinions of relevant stakeholders are also factors that The Group needs to consider when making important decisions.

The following table shows is an overview of relevant stakeholders:



- Investor Relationship Management

Investor relationship is an important factor to enhance The Group's value. Strengthening the management of investor relations is beneficial to The Group's establishment of a good capital market, improvement of investor's recognition and loyalty to the Group, and then maximizes the relative value of The Group. On a daily basis, the Group communicate with investors through emails, regularly disclose interim reports, annual reports and announcements in accordance with the Listing Rules and hold shareholders' meetings.

- Customer Relationship Management

The Group has fully developed its production technology and management since joining the industry, continuously improving the quantity and quality of its products and enabling the Group to establish long-term and stable relationships with customers in the industry.

In order to complete the customer's order with quality and quantity, we use a quality control system to strictly control the quality of the product, mainly in the testing and inspection of product production, and the secondary control of product quality in packaging and storage, through sealed packaging and timely delivery with production, so as to ensure the high quality of products.

- Environmental Protection Agency Relationship Management

Dongguang County Branch of Cangzhou Environmental Protection Bureau strictly supervises and manages the Group's environmental protection implementation in accordance with relevant national laws and regulations. At the same time, the Environmental Protection Bureau will propose improvements to the Group's existing environmental protection work, so that the Group's environmental protection work can continue to be improved while meeting the standards.

- Government Relation Management

We strive to use various information dissemination channels and methods to carry out two-way information exchange with the government to obtain government trust, support and cooperation, so as to establish a good external environment for the Group and promote the Group's survival and development.

- Potential investors conduct on-site research at The Group

On March 17, 2025, representatives of entrepreneurs organized by the Togolese Chamber of Commerce and Industry, as well as representatives of the Hebei Provincial Enterprise Culture Association's liaison office in Togo, visited The Group's factory area on site to gain a deeper understanding of The Group's main products, production processes, research and development achievements, as well as the foreign trade advantages and industrial development of the development zone. They exchanged ideas on technology collaborative innovation, raw material supply chain expansion, and African market access policies.



- Hebei University of Technology's School of Chemical Engineering carries out party building and industry university research cooperation exchanges

On December 6, 2025, Bai Wenshuai, Secretary of the Party Branch of the Safety Engineering Department of the School of Chemical Engineering at Hebei University of Technology, Wang Xiaoxiang, Discipline Committee Member of the Branch, Hu Yidong, Deputy Director of the Department, and six key teachers Cheng Qingyan, Tan Chaoyang, and Wu Changcheng, went to Dongguang Chemical Co., Ltd. in Hebei Province to carry out party building and industry university research cooperation exchanges. The event is hosted by Ma Yinghua, Chief Engineer of Dongguang Chemical. At the exchange meeting, Chief Engineer Ma Yinghua introduced The Group's development history, core products, and market layout, shared practical experience in building enterprise party branches and integrating party building with production and operation, and proposed cooperation intentions on new product development, process optimization, and other technical needs. Secretary Bai Wenshuai introduced the basic situation of the School of Chemical Engineering, with a focus on the practices and achievements of the Safety Engineering Party Branch in promoting mutual promotion and progress between party building and teaching and research. Subsequently, the two sides had practical discussions on areas such as technological breakthroughs, talent cultivation, project applications, and platform co construction, and reached multiple cooperation consensuses. Under the joint witness of all attendees, Secretary Bai Wenshuai and Chief Engineer Ma Yinghua, on behalf of both party branches, officially signed the "Strategic Cooperation Agreement on Party Branch Pairing and Collaborative Development of Industry, University and Research". The signing of the agreement not only marks the specific implementation of the previous communication and consensus, but also symbolizes that both parties have taken a solid step in promoting the deep integration of party building and business through organizational construction, laying the institutional foundation for future normalized cooperation in areas such as organizational co construction, talent co education, technology co research, and achievement sharing.





After the meeting, the safety engineering party branch teachers visited the production equipment site and central control room of the enterprise, deeply understood the process flow and actual operation situation, and had on-site exchanges on specific technical issues such as new product development and exhaust gas treatment. Chief Engineer Ma Yinghua stated that the enterprise is in a critical period of transformation and urgently needs scientific research and talent support from universities. He hopes to take this party building joint construction as an opportunity to deepen practical cooperation, jointly solve technical problems, and achieve win-win development. This event, with party building as the link, promoted the organic combination of party building leadership and industry university research cooperation. It not only enhanced the cohesion of grassroots party organizations, but also accurately matched the needs of enterprises and university resources. Next, the Safety Engineering Party Branch will continue to deepen the collaborative innovation of industry, academia, and research under the guidance of Party building, closely focus on the needs of industrial development in Hebei, accelerate the transformation of scientific and technological achievements and the sharing of talents, and make positive contributions to promoting high-quality regional economic development and upgrading the green chemical industry in Yanzhao.

## 2. ENVIRONMENTAL PERFORMANCE ANALYSIS

### 2.1 Overview of relevant environmental protection policies in major business areas

- 2014**      **《Law of the PRC on environmental protection》(Amended in 2014)**  
To protect and improve the environment, prevent pollution and other public hazards, safeguard public health, recommend ecological civilization construction and promote sustainable economic and social development.
- 2015**      **《Law of the PRC on the prevention and control of atmospheric pollution》(Amended in 2015)**  
To protect and improve the environment, prevent and control atmospheric pollution, safeguard public health, promote the construction of ecological civilization and promote sustainable economic and social development.
- 2016**      **《Hebei Province Air Pollution Control Regulations》(Amended in 2016)**  
Prevent and control air pollution, protect and improve living environment and ecological environment, protect human health and promote the development of socialist modernization.
- 2017**      **《Law of the PRC on water protection》(Amended in 2017)**  
To protect the environment, prevent and control pollution, and promote the development of pollution control technologies for the production of synthetic ammonia.
- 《The regulations of environmental protection of constructive project》**  
To prevent construction projects from generating new pollution and destroying the ecological environment.
- 《Law of the PRC on Environmental Protection Tax》**  
To protect and improve the environment, and reduce pollutant emissions.
- 2018**      **《Law of the PRC on air protection》(Amended in 2018)**  
To protect the environment, prevent and control air pollution, protect public health, and promote the construction of ecological civilization.
- 《Law of the PRC on soil protection》**  
To protect and improve the ecological environment, prevent and control soil pollution, protect public health, and promote the sustainable use of soil resources.
- 《Administrative Measures on Coal Substitution for Coal-Used Investment Projects in Hebei Province》**  
To strengthen the prevention and control of air pollution, implement the goal of total coal consumption control, and standardize the coal substitution management of coal-fixed asset investment projects.
- 2019**      **《Comprehensive Treatment Scheme for Volatile Organic Compounds in Key Industries》**  
To improve the scientific, targeted and effective management of volatile organic compounds (VOCs), and coordinate the control of greenhouse gas emissions.
- 《Integrated Control Plan for Air Pollution of Industrial Furnace》**  
To strengthen the comprehensive control of atmospheric pollution of industrial furnaces and kilns, coordinate the control of greenhouse gas emissions, and promote the development of high-quality industries.

- 2020**      **《Law of the people’s Republic of China on the prevention and control of environmental pollution by solid waste》**  
Protect and improve the ecological environment, prevent and control environmental pollution by solid waste, ensure public health, maintain ecological security, promote the construction of ecological civilization, and promote sustainable economic and social development.
- 2022**      **《Management Measures for Hazardous Waste Transfer》**  
Protect and improve the ecological environment, prevent and control environmental pollution by solid waste, protect public health, maintain ecological safety, promote the construction of ecological civilization, and promote sustainable economic and social development.
- 2023**      **《Overall Implementation Plan for Major Hazardous Waste Engineering Construction (2023-2025)》**  
**《Letter on Soliciting Opinions on the Work Plan for the Investigation and Rectification of Inefficient and Ineffective Air Pollution Control Facilities (Draft for Comments)》**  
Protecting and improving the ecological environment, preventing and controlling solid waste pollution, ensuring public health, maintaining ecological security, promoting ecological civilization construction, and promoting sustainable economic and social development.
- 2024**      **《Interim Regulations on the Management of Carbon Emission Trading》**  
**《Regulations on Water Conservation》**  
Protect and improve the environment, prevent and control air pollution, safeguard public health, promote ecological civilization construction, and promote sustainable economic and social development. Promote water conservation throughout society, ensure national water security, advance ecological civilization construction, and promote high-quality development.
- 2025**      **Local standards in Hebei Province include 《Emission Standards for Air Pollutants from Thermal Power Plants》 and 《General Rules for Identification Standards of Solid Waste》**  
Protect and improve the ecological environment, prevent and control solid waste pollution, safeguard public health, maintain ecological security, promote ecological civilization construction, and promote sustainable economic and social development.

## 2.2 Emissions Correlation Analysis

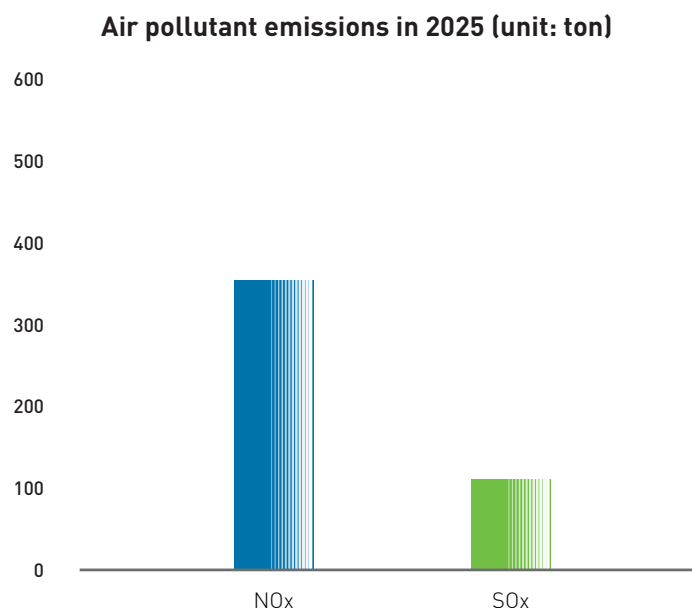
The group strictly complies with 《the Environmental Protection Law of the People's Republic of China》, 《the Regulations on the Prevention and Control of Air Pollution in Hebei Province》, 《the Environmental Protection Tax Law of the People's Republic of China》, 《the Comprehensive Treatment Plan for Volatile Organic Compounds in Key Industries》, 《the Comprehensive Treatment Plan for Air Pollution in Industrial Furnaces》, and 《the Air Pollution Prevention and Control Law of the People's Republic of China》 during the year.

The pollutants emitted by Dongguang Chemical due to fuel combustion mainly include nitrogen oxides (NO<sub>x</sub>), sulfur dioxide (SO<sub>2</sub>) and particulate matter. Most of the exhaust gas emitted comes from the consumption of coal fuel combustion, and a small part comes from the consumption of cars. The Group has set emission reduction targets for all gas emissions, effluent and industrial water consumption, and all gas emissions, effluent and industrial water consumption (in tonnes) generated per tonne of urea, a major product, will not increase by more than 5% compared to last year's emissions calculated on the same baseline.

The Group's main fuel combustion source is coal. White coal and bituminous coal are the main raw materials used in the production of products. White coal has a high carbon content and the least amount of impurities. It is used as a raw material for the production of urea and methanol. Bituminous coal has a lower carbon content than white coal. It is used to produce electricity for the production process and steam for gasification. The types of vehicles that consume fuel are mainly small and light-duty vehicles, mainly from small-sized vehicles, and the consumption of passenger cars, trucks and other vehicles.

### 2.2.1 Exhaust emission data calculation

In the process of combustion, air pollutants such as nitrogen oxides, sulfur oxides, and particulates are emitted. Excessive discharge of pollutants can lead to air pollution. Therefore, the appropriate amount of pollutants is an important prerequisite and a priority for the chemical industry. The emission of each emission is calculated based on the data obtained and collected of Dongguang Chemical's gas fuel consumption and vehicle emissions and is shown in the following figure:



According to the standards set by the local environmental protection bureau for waste emissions, the annual limit of nitrogen oxides are 549.25 tons, and the annual limit of sulfur oxides are 327.1 tons. As shown in the above figures, the NOx and SOx emissions of the Group in 2025 were 353.43 tons and 110.04 tons respectively. The total emissions of the two major air pollutants have not exceeded the standard indicator.

KPI	2025	2024
Nitrogen oxides	353.430	474.309
Tons/1 million RMB income	0.11	0.18
Sulfur oxides	110.040	125.208
Tons/1 million RMB income	0.05	0.05

The emission intensity of our group is basically the same as the previous year, and our environmental policies have effectively controlled the emission intensity of nitrogen oxides and sulfur oxides, achieving The Group's established emission intensity control goals.

### 2.2.2 GHG emissions data calculation

Greenhouse gases will be emitted through both direct and indirect methods. The combustion of fuel by fixed and mobile sources will directly emit a certain amount of greenhouse gases, which covers the greenhouse gas emissions directly generated by the business owned or controlled by The Group, which is Scope 1; The electricity provided will indirectly emit greenhouse gases which is Scope 2; Other indirect services will indirectly emit greenhouse gases which is Scope 3. Our company can basically recover carbon dioxide generated during the production process of fixed source combustion. The carbon dioxide recovered from this part is then produced into liquid carbon dioxide as by-product and then into the sales channel. The mobile source (small and light vehicle emissions) fuel consumption and emissions of carbon dioxide, methane and Nitrous Oxide amounted 136,446.81 tons of carbon dioxide equivalent. We calculate the carbon dioxide emissions of 645,731.44 tons of carbon dioxide equivalent via the Group monthly electricity bills.

The table below shows the group's gross carbon footprint for the year: (tons)

KPI	2025	2024
Scope 1-Direct emission		
Direct emission	0.00	0.00
Scope 2-Indirect emission		
Flow source	136,446.81	106,497.33
Fixed source	645,731.44	626,979.13
Total	782,178.25	733,476.46
Tons/1 million RMB income	328.23	285.28
Scope 3 - Other Indirect Emissions		
Category 1: Fuel and Energy-Related Activities	165,300.00	160,600.00
Category 2: Upstream Transportation and Distribution Emissions	30,144.00	27,698.00
Category 3: Downstream Transportation and Distribution Emissions	7,020	6,405
Total	202,464.00	194,703.00

The emission intensity of our group has increased compared to the previous year, mainly due to a significant decrease in product sales prices this year.

### 2.2.3 Climate Risks and Opportunities

To effectively integrate the identification and management of climate risks and opportunities into our daily risk management practices, The Group remains vigilant regarding relevant issues such as changes in policies, regulations, market dynamics, technological advancements, corporate reputation, and physical risks. We perform detailed analyses of how various climate risks and opportunities impact value creation within the enterprise as well as our overall business model. Additionally, we clarify the period of impact associated with each risk or opportunity, identify affected areas within our operations, and assess potential consequences.

This scenario analysis is conducted in accordance with the Stock Exchange's recommended framework for addressing climate change and is informed by the Fifth and Sixth Assessment Reports published by the Intergovernmental Panel on Climate Change (IPCC). The analysis primarily utilises scenario data from Representative Concentration Pathways (RCPs) that simulate the impacts of physical climate risks. Additionally, it references corresponding Shared Socio-economic Pathways (SSPs) to evaluate the physical and transition risks that the Group may encounter in climate scenarios projected from the baseline climate state through to 2050.

## SCENARIO SELECTION AND ASSUMPTIONS

### Physical risks

Scenario	RCP4.5	RCP8.5
Scenario description	Under the scenario, the global community implements robust mitigation actions, leading to a significant reduction in greenhouse gas emissions, which are halved by 2080. The Earth's radiative forcing is projected to stabilise at 4.5 W/m <sup>2</sup> by 2100.	In contrast, a "business-as-usual" scenario, where emissions continue at current rates, could result in radiative forcing exceeding 8.5 W/m <sup>2</sup> by 2100, leading to a global temperature increase of over 4°C.
Projected end-of-century temperature rise	2.5-3°C	>4°C
Time dimension	Base year: 2024 Short-term horizon (baseline): 2025 Medium-term horizon: 2030 Long-term horizon: 2050	
Analysis boundary	The physical asset locations of the Group.	
Internal scenario assumptions	Assuming internal factors such as main business, major production base/industrial park locations, asset scale, and risk response measures remain unchanged, the analysis focuses on the specific physical risks faced by the Group's assets under the disaster levels of each scenario.	
Data estimation assumptions	For this analysis, we will use the asset values of the Group as of 31 December 2025.	

## Transition risks/Opportunities

Scenario	SSP1-2.6	SSP2-4.5
Scenario description	This scenario assumes the implementation of a global deep emissions reduction strategy, accelerating the energy transition. CO <sub>2</sub> emissions are projected to decline from 2020, reaching net zero by 2100.	Another scenario assumes sluggish progress towards sustainable development goals despite international cooperation. CO <sub>2</sub> emissions are projected to start decreasing around 2045, reaching half of the 2050 target levels by 2100.
Projected end-of-century temperature rise	>2°C	2-3°C
Time dimension	Base year: 2024 Short-term horizon: 2026-2028 Medium-term horizon: 2029-2040 Long-term horizon: 2041-2050	
Analysis boundary	The Group's Main Businesses	
Internal scenario assumptions	It is assumed that the Group's operating markets and main businesses remain unchanged for the time being, with the operational carbon neutrality pathway serving as the internal scenario.	
Data estimation assumptions	The total GHG emissions for 2023 used in the analysis cover the Scope 1 and Scope 2 emissions of the Group.	

The Group employs advanced climate models and datasets to assess the asset value risk exposure associated with various climate risks. This assessment serves as a specific indicator for measuring the financial impact of climate risks on our operations. Based on internal research and scenario analysis outcomes, it is determined that the majority of the Group's assets are not exposed to extremely high or high risks in the short, interim, or long term under both the RCP4.5 and RCP8.5 scenarios. As a result, overall physical risk remains manageable.

### Asset Risk Exposure to Physical Risks under the RCP4.5 Scenario

	Risk type	Baseline	Time dimension	
			2030	2050
Chronic risks	Water scarcity	Mid	Mid	Mid
	Sea level rise	None	None	None
	Warming trend	Low	Low	-
	Wet trend	Low	Low	Low
	Wind trend	Low	Low	Low
	Dry trend	Mid	Mid	High
Acute risks	Extreme heat	Mid	Low	Low
	Extreme precipitation	Mid	Mid	Mid
	Flash drought	Mid	-	-
	Tropical cyclone	None	None	None
	River flooding	None	None	None
	Coastal flooding	None	None	None

### Asset Risk Exposure to Physical Risks under the RCP8.5 Scenario

	Risk type	Baseline	Time dimension	
			2030	2050
Chronic risks	Water scarcity	Mid	Mid	Mid
	Sea level rise	Low	None	None
	Warming trend	Low	Mid	High
	Wet trend	Low	Low	Low
	Wind trend	Low	Low	Low
	Dry trend	Mid	High	Mid
Acute risks	Extreme heat	Mid	Low	Low
	Extreme precipitation	Mid	Mid	Mid
	Flash drought	Mid	-	-
	Tropical cyclone	None	-	None
	River flooding	None	None	None
	Coastal flooding	None	None	None

### IMPACT ASSESSMENT AND RESPONSE MEASURES

Combined with the external environment and the current situation of production and operation, the Group continuously tracks and assesses climate-related physical risks, transition risks and transition opportunities, formulates and implements relevant response plans and initiatives, and enhances the Group's climate resilience while adapting to and mitigating climate risks, with a view to creating and seizing more climate-related opportunities. In addition, the company hedges against the possible losses caused by extreme weather events on operations and asset value by purchasing property insurance, further ensuring business continuity and stability.

## The Group's Physical Climate Risk Identification and Response Measures

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Acute risks	Short-term, medium-term, long-term Horizons	Extreme weather events, such as extreme high temperatures, extreme low temperatures, heavy precipitation, typhoons, and Suddendroughts, may significantly impact production bases. These impacts include damage to equipment and facilities, interruptions in production processes, and reductions in production efficiency. Consequently, such disruptions directly lower production output value while increasing the costs associated with equipment repair and replacement	Production and operations Downstream of the value chain	Increase production and management costs Cause asset impairment losses Increase property and employee insurance expenses Decrease operating income Cause revenue fluctuations due to fluctuations in fertiliser demand and prices	Formulated the Emergency Response Plan for Flood Prevention, Emergency Handling Plan for High-Temperature Heatstroke, and Emergency Management Plan for Natural Hazards, which stipulate procedures, personnel arrangements, and material management methods Identified hazardous natural conditions like extreme temperatures and thunderstorms Conducted emergency drills to enhance employees response capabilities

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Chronic risks	Medium-term and Long-term Horizons	Water shortages, warming trends, and drying trends will exacerbate water scarcity at each production base and affect crop growth, thereby impacting the stability of production and demand	Production and operations Downstream of the value chain	Increase production and management costs	Implemented water consumption quotas, conduct water resource assessments, and established water intake permit mechanisms in line with national and local requirements to control water intake at the source  Carried out water-saving renovations, such as building reclaimed water reuse systems and implementing mist-elimination and water-saving upgrades for cooling towers, to collect and treat circulating water and sewage within production bases
Policies and regulations	Short-term, Medium-term, long-term horizons	The tightening of national climate policies, such as the Technical Guidelines for Energy Conservation, Carbon Reduction, and Policy Framework on Stringent Energy Efficiency Constraints to Accelerate Energy Conservation and Carbon Reduction in Key Sectors, may lead to increased carbon emission management costs	Upstream of the supply chain Production and operations	Increase production and management costs Increase capital expenditure	Closely monitored legal and policy changes Increased investment in energy-saving upgrades, such as renovating sewage tank circulating water pumps and installing magnetic levitation fans  Strictly followed local regulatory requirements and the HKEX ESG Reporting Code for information disclosure to avoid issues like fraudulent information disclosure

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Technologies	Short-term, medium-term, long-term Horizons	<p>If the Group fails to develop and adopt more efficient, lower-energy-consuming energy-saving technologies or invest in more efficient energy-saving production equipment, the expansion of production scale will lead to a rapid increase in energy consumption and the cost of externally purchased energy</p> <p>Failed investments in new technologies and equipment that cannot be commercially scaled up will result in additional research and development costs</p>	Production and operations	<p>Increase production and management costs</p> <p>Decrease profit</p>	<p>Increased R&amp;D investment in high-efficiency fertilisers and differentiated products to cut fertiliser use</p> <p>Invested more in energy-saving upgrades and adopt Advanced Process Control (APC) to reduce production energy use and carbon emissions</p>
Market	Medium-term and long-term Horizons	The downstream market is showing a preference for green, low-carbon products. Failure to manage product carbon footprints may shrink market share and negatively impact operating revenue	Downstream of the value chain	Decrease revenue	Strengthened customer communication to anticipate their preferences for product green and low-carbon attributes

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Reputation	Short-term, medium-term, long-term horizons	Stakeholders have increasingly strict requirements for the Group's ESG performance and climate-related information disclosure  Failure to properly address these requirements may cause reputational damage, reducing brand value and operating income	Production and operations	Increase production and management costs  Decrease revenue	Actively responded to stakeholders' concerns about the Group's ESG and climate aspects through ESG reports, official website disclosures, and roadshows. Also, we improved disclosure transparency, timeliness, and accuracy while enhancing ESG and climate governance

### The Group's Climate Opportunity Identification and Response Measures

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Policies	Short-term, medium-term, long-term horizons	The state has issued the Guidelines on Promoting High-Quality Development of the Petrochemical and Chemical Industry During the 14th Five-Year Plan Period and the National Agricultural Green Development Plan for the 14th Five-Year Period, proposing clean production, green manufacturing, energy-saving, and carbon reduction in key petrochemical and chemical areas, and continues to promote fertiliser and pesticide reduction	Production and operations  Downstream of the value chain	Increase operating revenue  Caused short-term capital expenditures	Established a GM-led energy-saving group, implemented the energy-saving target responsibility system, and advanced the Group's "Three-Year Plan" and "One-Year Plan" in energy management  Strengthened R&D, production, and promotion of high-efficiency and differentiated fertilisers

Risk type	Time period	Potential risk description	Value chain impact	Financial impact	Risk response measures
Market	Medium-term and long-term horizons	The market shows concern for green chemical products like high-efficiency and eco-organic fertilisers and requires chemical product carbon footprint certification	Production and operations Downstream of the value chain	Increase operating revenue Caused short-term capital expenditures	Enhanced product innovation and increase promotion of high efficiency fertilisers, differentiated products, and innovative services
Technologies	Short-term, medium-term, long-term horizons	Due to industry characteristics, the Group has high comprehensive energy consumption and significant carbon emissions  Improving energy utilisation efficiency can effectively promote operational carbon reduction and substantially cut overall energy costs	Production and operations	Caused short-term capital expenditures	Comprehensively explored energy-saving potential through technology and solution R&D, equipment renewal, process optimisation, and management system upgrades. We continuously enhanced energy utilisation efficiency to reduce product-specific energy consumption

### Current financial impact

During the reporting year, the Group evaluated the current financial impacts of the aforementioned climate-related risks and opportunities. Overall, these current financial impacts have been non-material to the Group's financial position, financial performance, and cash flows; therefore, no significant financial impacts arising from climate-related risks and opportunities have been identified. Based on the Group's current understanding, it does not anticipate making significant adjustments to the carrying amounts of its assets or liabilities due to identified climate-related factors in the next reporting period.

### Expected financial impact

As a urea producer and seller, electricity and coal for production account for a significant portion of operating costs and emissions. The Group has assessed the potential impact of projected electricity consumption on electricity expenses and the potential impact of coal price fluctuations, as part of evaluating how transition risks may affect the Group's financial performance and cash flow in the short, medium, and long term. Currently, since the Group's main production bases are all located in Hebei Province, where electricity and coal prices remain stable, based on the Group's projections for future unit costs of electricity and coal, the Group considers the anticipated financial impact to be non-material.

In terms of physical risks, no significant immediate financial impact was identified during the reporting period, and the Group has sufficient insurance coverage for acute physical and operational losses in the short term. As climate-related factors or their impact on property insurance premiums cannot be identified separately, we are currently unable to quantify the anticipated financial impact, subject to the availability of future data.

### **Capital utilization**

Overall, through prudent financial management, we anticipate that both internal and external funding sources will be sufficient to support our strategies for managing climate-related risks and opportunities. We will regularly monitor and manage climate-related risks and opportunities, including considering any investment and divestment plans that may be required.

In 2025, the Group demonstrated its unwavering commitment to sustainable development by investing in environmental improvement projects, including energy-saving renovation projects, sewage treatment technological upgrading projects, dust recovery technology enhancements etc. During the reporting year, the relevant capital expenditures had no significant financial impact on the Group.

### **CLIMATE ADAPTATION AND RESPONSE**


By providing the industry with a one-stop solution that covers the entire cycle of production, sales, and after-sales services, our group serves enterprises and farmers throughout the entire agricultural industrial chain, actively promoting green production, green products, and green usage. We adopt green production processes upstream, reduce energy consumption and emissions during production midstream, and guide the concept of green fertilization downstream, thereby facilitating the green and sustainable development of agriculture and continuously driving transformation in the fertilizer industry. During the reporting year, the Group did not adopt an internal carbon pricing mechanism and has not yet incorporated climate-related considerations into its remuneration policy.

Over the next three years, the Group will continue to enhance its ability to prevent and adapt to physical climate risks. Through measures such as technological and process innovation, and the innovation of low-carbon products and solutions, we aim to break through the bottlenecks in climate risk management and continuously improve our capabilities in “mitigating” and “adapting” to climate change. This will contribute to the high-quality development of the enterprise and the transformation and upgrading of the industry.

## 2.3 Waste classification and emissions

### 2.3.1 Waste classification and processing

Dongguang Chemical Waste Sorting and discharging in 2025 (Unit: Ton)

Category		Name	Collection	Treatment	Weight
General waste	Non-recyclable waste	Peel, residual food and other domestic waste	Placed in company trash	Collection	6.1
	 Recyclable waste	Sludge	No emission targets and no emissions	Burned by three-waste furnace	149.959
		Slag	Put it in the specified storage	Send three waste furnace to burn	77,240
	 Waste paper: waste newspapers, office waste paper, etc.	Put it in the specified storage	Dealt by waste recyclers	1.4	
Hazardous waste		Waste oil	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	3.33
		Online waste liquid	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.827
		Waste lamp tube	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.006
		Filter cotton	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.00420
		Activated carbon	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.417
		Paint bucket	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.0464
		Catalytic plate	Hazardous waste storage room of the Group	Send to the qualification recovery unit for treatment	0.0002

The Group strictly complies with the relevant management requirements such as the Law of 《the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes》, 《the Management Measures for the Transfer of Hazardous Wastes》, and reasonably classifies and disposes the wastes generated in the production and operation process, and implements the refined management. The harmless waste generated by the Group in the process of enterprise operation mainly includes sludge and office and domestic waste, and the harmful waste mainly includes waste oil, paint bucket, selenium drum, waste fluorescent tubes, etc.

The group has formulated emission reduction policies for waste generation to ensure that the annual waste generation is at least the same as the previous year and to minimize it as much as possible. The Group classifies and manages waste according to local standards, mainly including harmless waste and hazardous waste. Hazardous waste is disposed by qualified units and harmless waste is reused by other units. At the same time, according to the requirements of the national industrial solid waste declaration and registration system, provide the environmental protection authorities with relevant information on the type, production, flow direction, storage and disposal of the main industrial solid waste, effectively store the solid waste, and timely transfer it to qualified units for compliance disposal, so as to reduce the waste discharge.

KPI	Unit	2025	2024
Hazardous waste emissions	Ton/year	4.63	5.79
General waste emissions	Ton/Year	77,397	76,925

## 2.4 Resource Usage Analysis

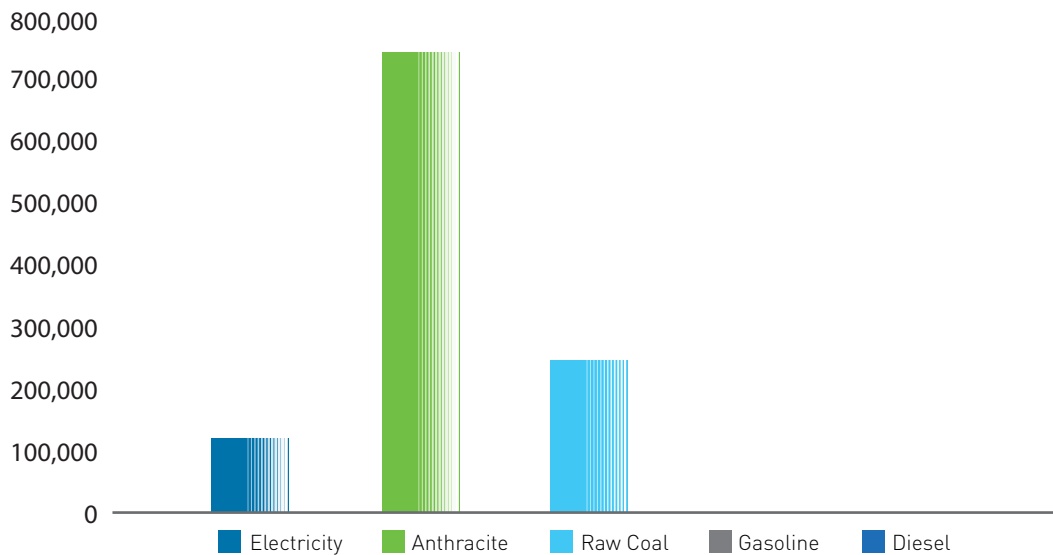
### 2.4.1 Main energy consumption structure of enterprises

In 2025, Dongguang Chemical consumed 32.1 tons of gasoline, 46.3 tons of diesel, 0.468 million tons of fuel coal, and 0.717 million tons of anthracite, the power consumption is 1.26 billion kwh. The Group applies water sources according to relevant national environmental protection policies and regulations, and has always adhered to the concept of water conservation. In 2025, the total water consumption of Yangtze River is about 3.45 million tons. The Group has no issues sourcing water that is fit for purpose.

In 2025, the Dongguang Chemical's various energy consumption was 1.27 million tons of standard coal, of which 73.94% originated from anthracite, 5.34% originated from bituminous coal, and 12.49% originated from electricity.

KPI(10,000 tons)	2025	2024
Water Resources (Yangtze River Water)	344.60	380.96
Water resources (groundwater)	0.00	0.00
Standard coal	127.2	115.37
Tons/1 million RMB income	0.05	0.04

Comparison of energy consumption of various types of Dongguang Chemical (unit: ton of standard coal)



The energy consumption intensity of the Group is basically the same as that of the previous year. The environmental protection policy of the Group also effectively controls the energy consumption and achieves The Group's established energy consumption intensity control goal.

#### 2.4.2 Other Energy Consumption Statistics

Since coal is the main source of the Group's energy consumption, it is a difficult task for the Group to develop the urea industrial chain through the system's maximum use of the gas emitted from urea production, while reducing energy consumption, emissions, and environmental pollution. As of the end of December 2025, the number and types of company office equipment have been calculated. There are 237 computers, 49 printers, 3 fax machines, and 3 copy machines. In addition to working equipment, a total of 1700 light bulbs are energy-saving lamps. There are 140 air conditioners, 122 split units and 17 water-cooled units.

Dongguang Chemical's sewage disposal capacity of 2025 is 161 cubic meters per hour. All sewage discharges are properly handled in accordance with relevant national environmental protection policies and regulations. The wastewater treatment facility of the first plant is 3,674 tons per day, and the wastewater treatment of the second plant is 196 tons per day.

In addition, for the urea industry, the amount and treatment of fertilizer packaging also has important implications for the protection of human and animal security and the ecological environment. In order to strengthen the quality management of urea bags, Dongguang Chemical has established a bag inspection and management system, strictly implements sampling inspections and issues inspection reports. Discarded packaging bags are standardized for recycling and unified scientific treatment to maximize the protection of the ecological environment. The average consumable strength of this year has decreased compared to the previous year.

KPI	unit	2025	2024
packaging	Ton	5.66	5.34
Average consumable strength	Ton/Revenue of RMB 1 million	0.0023	0.00208

#### 2.4.3 Plan and Effects of Energy Saving and Emission Reduction

Energy-saving and emission reduction is an important measure to implement the scientific concept of development, promote economic restructuring, change the mode of economic development, and increase the potential for sustainable development. Dongguang Chemical strictly implements the energy-saving and emission-reduction system, and has repeatedly upgraded the production line to achieve certain results in reducing energy consumption.

##### 2.4.3.1 Freeze blocking and waste avoiding

In order to minimize waste, Dongguang Chemical has done lots of job on preventing freezing. It is stipulated that the on-duty dispatcher should always pay close attention to the temperature change when the temperature reaches zero degree centigrade, and immediately notify the various positions to check the discharge status of each dredge to avoid the occurrence of frozen plugging events. When the temperature reaches above zero degree, the dispatcher on duty should be responsible for notifying each position, reasonably controlling (or shutting down) the drain discharge, and avoiding waste.

##### 2.4.3.2 The use of heater

In order to reasonably control the on and off of heaters, Dongguang Chemical stipulated that when the temperature is higher than 15 degrees centigrade, all heating facilities in the office buildings and workshops should be turned off. When the temperature is lower than 15 degrees centigrade, heating facilities can be turned on according to the needs of the employees, so as to avoid waste of resources due to long-term use of heating facilities.

#### 2.4.3.3 Electricity-saving management

In accordance with the principle of maximizing electricity savings, Dongguang Chemical stipulates the timely turn-off of office computers, the air-conditioner on-off control in the production workshop, and the prohibition of permanent lights in the factory area. The employees are required to turn off the lights and the fans when they leave the workshop.

#### 2.4.3.4 The use of air-conditioning

The use of air-conditioning is based on the principles of safety management, energy saving and consumption reduction, so Dongguang Chemical makes relevant regulations on the use of air-conditioning according to changes in seasonal temperatures. Doors and windows should be closed during use, air conditioners must not be arbitrarily changed the direction of the fan blades, and air conditioners and other energy-saving regulations should be promptly closed when off duty.

#### 2.4.3.5 Water conservation

Water conservation is also an important measure for effective energy conservation and emission reduction. Dongguang Chemical strictly forbids the occurrence of dripping, long running water and other phenomena in the water system. Employees will be punished if it violates the regulations. In addition, Dongguang Chemical stipulates that every time water is added to the desulfurization circulating water and gas-making circulating water, it must be approved by the water supply workshop. The addition of faucets must also be submitted to the production department and the water supply workshop for approval.

At the same time, while advocating water conservation, we also introduced a reclaimed water reuse device combining membrane separation technology and biotechnology to achieve sewage treatment, solid-liquid separation and reclaimed water reuse. The intermediate water reuse device is mainly used to purify the waste water generated in the production process. After the treatment of the device, more than 50% of the waste water can continue to be recycled for production, which greatly avoids the waste of water resources and reduces our economic expenditure.

#### 2.4.3.6 Energy saving

Every ton of urea produced by our company needs to consume a certain amount of steam. We recycle this part of steam through the equipment to achieve more possibilities for saving and reducing consumption. Secondly, we will also use the waste heat generated by fuel combustion to generate electricity, thereby saving the raw coal required for power generation. In addition, our production department will formulate energy-saving and consumption-reducing measures for gas production, purification, compression and other links according to the actual situation every month, such as the transformation of the through furnace to increase the gas production; the use of old stainless steel pipes to detect leaks in the urea synthesis tower Renovation; continuously optimize the devices that need to be strengthened and improved in production to better achieve the effect of energy saving and consumption reduction.

## 2.5 Enterprise environmental protection

### 2.5.1 Report on the air, water and noise situation of the plant

Each year, the EPA entrusts or we commission a testing technology service company to inspect Dongguang Chemical's operating conditions and environmental protection facilities. The monitoring of the locations and items corresponding to exhaust gas, waste water, and noise is performed according to the implementation of the standard values. The monitoring equipment is used to check whether the monitoring limits of the equipment exceed the standard values. Based on the inspection results, the test results are obtained and a monitoring report is issued. the Group uses the monitoring report to obtain the discharge permit.

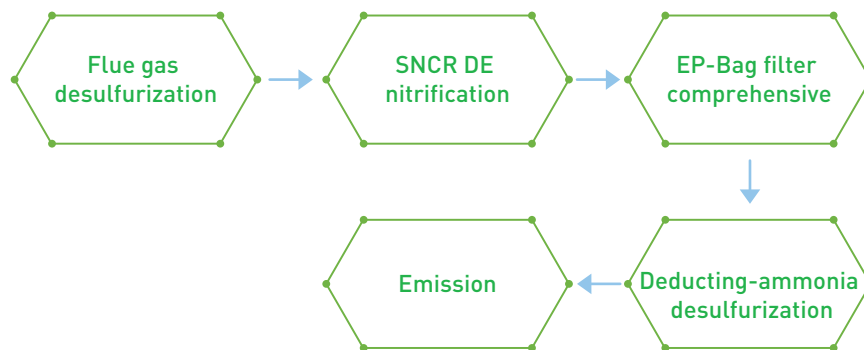
The monitoring report data of 2025 shows that the monitoring values of exhaust gas, waste water and noise meet the local or national emission standard values.

### 2.5.2 Environmental System Treatment Process (Handling Harmful Substances)

"Three wastes" are the products of the chemical industry in production, and improper treatment will cause serious pollution to the surrounding environment. The waste gas, waste water and waste residue generated by Group's manufactured products are processed by environmental protection equipment and will not be discharged until they reach the standard.

#### (1) Waste gas/water/residue treatment flow chart

##### Waste gas treatment flow chart

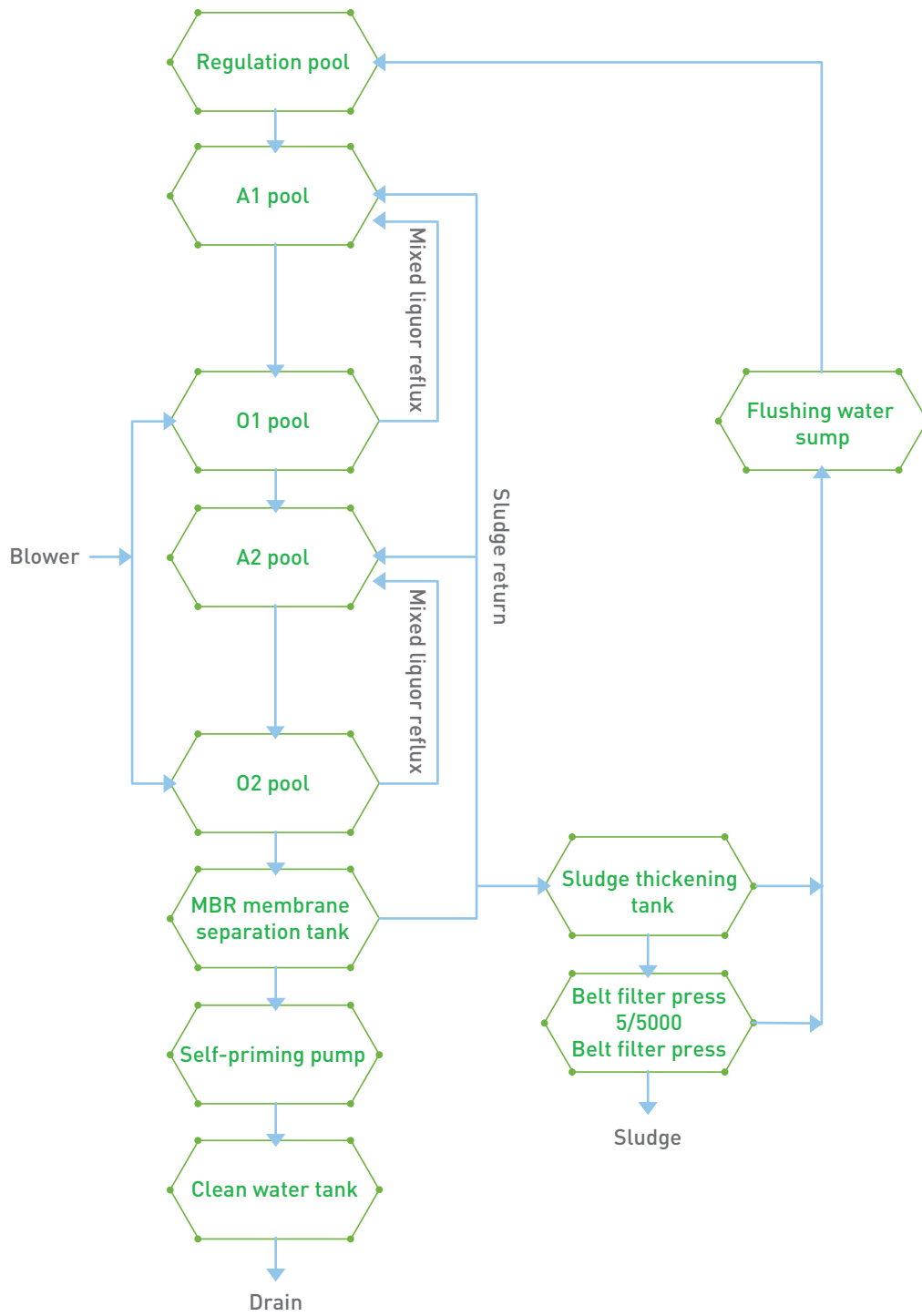


Exhaust gas is produced during the production of urea. the Group first uses the SNCR denitration process to treat the exhaust gas, and then removes the dust through a wet scrubber, using electric bag composite dust removal, ammonia desulfurization and other treatment procedures, and finally reaches the national standard for discharge. We subsequently upgraded the flue gas desulfurization equipment, which increased the number of spray layers, expanded the spray contact area, and further improved the effect of sulfur and dust removal.

The Group has been implementing UGI gasifier multi pollution source integrated treatment project since 2020, which greatly reduced the carbon emission. Through the system transformation, pneumatic conveying was used to completely seal the conveying to the ash bin, and then into the three wastes furnace for combustion. There was no dust on site, which solved the environmental protection problems such as VOCs emission and eliminated the environmental pollution.

Therefore, the waste gas generated in the production process of the Group becomes cleaner after denitrification, dust removal, desulfurization and other measures. After meeting the emission standards of the environmental protection policy, it is discharged into the air through the chimney. After the Group's continuous exploration and improvement in environmental protection in recent years, the air conditions at and around the Group 's location have significantly improved.

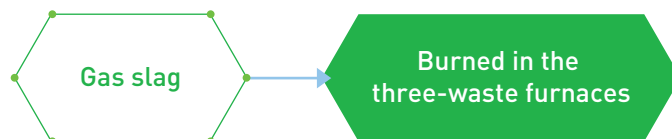
Flow chart of wastewater treatment



Our production and operation must comply with various environmental protection, occupational health and safety laws and regulations, government policies and industry standards applicable to China's environmental protection, occupational health and safety related to the discharge of waste water, solid waste and gas. We installed waste water treatment facilities in Plant 1 and Plant 2 respectively to treat all waste water generated during the production process of our products. The respective waste water treatment capacity of the relevant facilities is 751 tons and 104 tons per day, respectively.

In 2021, The Group added a new intercooling transformation project. The Group adopts self-cleaning filter to capture more than 99% of coal powder, dust, salt and other substances in semi water gas and more than 90% of tar and aerosol by dry method, so as to make the cleanliness of gasification circulating water reach an excellent level, improve the cleanliness of semi water gas. Air-generation cooling water realizes indirect cooling and closed circulation. The incremental water produced in the process of gasification can be reasonably transformed and utilized to realize "zero" discharge of wastewater.

#### Waste slag processing flow chart



Unlike urea producers who use natural gas as raw materials, we use coal for urea production, so a large amount of waste residue will be generated during the production process. We send the generated waste slag to three waste furnaces for combustion. After combustion, some waste slag can be recycled as boiler fuel, and some waste slag can be processed into new building materials and sold to other companies.

The Group has been applying the intercooling transformation project - dust treatment link since 2020, the coal pulverized coal collected by self-cleaning filters containing organic matter and unburned carbon is sent to the three-waste boiler for secondary mixing, eliminating the traditional water washing and dust removal. The device for separating coal ash by wastewater sedimentation eliminates the generation of wastewater, waste gas, sludge and wet residue, and achieves "zero discharge of waste residue."



The three-waste furnace is a facility for treating three wastes, waste gas, waste residue, and coal foam. In order to respond to the national environmental protection policy and reduce pollutant emissions, the Group renovated the flue gas desulfurization facility, and solved the problem that the original 150-ton boiler and 90-ton three-waste furnace had no desulfurization facilities. At present, Dongguang Chemical has a total of 4 exhaust gas outlets, all of which are connected to the Municipal Environmental Protection Bureau and the County Environmental Protection Bureau to achieve information disclosure and discharge in strict accordance with standards. According to statistics, the real number of four chimneys is 24 hours/day to achieve uninterrupted production facilities. The running time in the past three years is as follows:

Category	Time	2023		2024		2025	
		Operating days	Operating hours	Operating days	Operating hours	Operating days	Operating hours
Three waste furnace chimney(120 tons)		328	7,859	360	8,640	315	7,548
Boiler chimney		11	246	0	0	7	168
New exhaust gas chimney		315	7,545	366	8,784	358	8,592
Compound fertilizer chimney		51	1,222	79	1,898	25	827

### 2.5.3 Strengthen pollution control facilities

In order to improve the air environment in the surrounding areas in autumn and winter, we actively improve the problem of the unorganized emission of particulate matter in the coal sheds where coal is stored. In addition, we also use low-noise equipment, vibration reduction, distance attenuation and other methods to reduce noise, while meeting environmental quality standards, and further reducing the impact on the ecological environment. Facing the severe energy conservation and environmental protection situation, we started with comprehensive energy utilization, combined the "three wastes" treatment, comprehensive utilization and technological transformation, closely linked the enterprise development with environmental protection, and achieved good economic benefits and environmental protection results.

#### 2.5.4 *Environmental inspection department daily inspection*

In order to protect our living and production environment, prevent pollution, implement sustainable development strategies, and gradually realize cleaner production, we have formulated the “Environmental Protection Management System” and implemented related management. Cadres and employees must pay attention to energy conservation and emission reduction, so as to improve their environmental protection awareness and legal concept. Keep the production workshop clean, clean up the factory roads in time to prevent dust pollution; check, repair and maintain the environmental protection facilities on time to ensure the integrity of equipment. The supervision and management of the above situations are all under the responsibility of the Environmental Protection Department.

The Environmental Protection Department will formulate a monthly inspection plan, conduct daily inspections in accordance with the daily inspection plan, and conduct a joint inspection once a week. In addition, unannounced inspections are also essential, such as checking whether the online monitoring facilities are operating normally, whether the environmental protection equipment is inspected on time, or whether the workshops and departments are cleaned in time, etc. Penalties are imposed and a penalty notice is formed. Monthly check the operation of each production facility and form an inspection table of the Environmental Protection Department to check whether the equipment is operating normally.

#### 2.5.5 *Green construction*

In order to optimize and afforest the plant environment, improve the afforestation management level, consolidate the afforestation construction achievements of the plant, and make the afforestation of our plantation institutionalized and standardized, Dongguang Chemical has formulated the “Greening Evaluation” policy for annual company-wide evaluation. In 2025, Dongguang Chemical added 800 square meters of greening area for the plant, purchased 230 saplings. In order to promote more refined and routine greening work, and to further improve the greening enthusiasm of production cadres and employees, a greening fund system has been formulated in accordance with the actual situation of The Group. We provide a fixed amount of greening fund in the spring and autumn to support greening activities. The branch’s production department, environmental protection department, and logistics department are responsible for the overall planning of greening, planting and other technical support, and are also responsible for greening logistics support and daily supervision and management; each workshop does its own green plant maintenance work in accordance with the planning. We evaluate and reward the greening achievements of each branch and workshop every spring and autumn.

### 3. CSR ANALYSIS

#### 3.1 Employment and labor status analysis

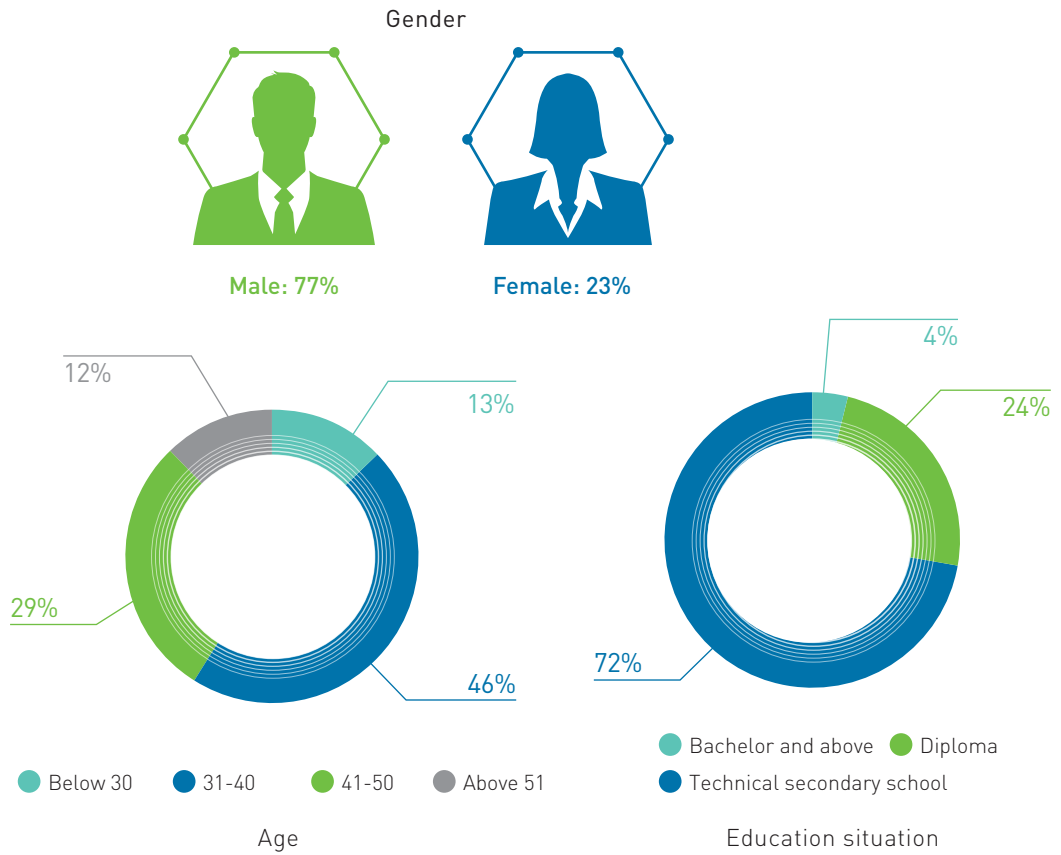
##### 3.1.1 Overview of staff employment and labor standards

The Group is well aware of the importance of talent security for enterprise development. We adhere to the core values of “organization without boundaries, creating value together”, and are committed to building a core characteristic culture of “family and people”, fully protecting the legitimate rights and interests of every employee of The Group, and helping employees grow together with The Group.

The Group strictly implements, and during the year has complied with 《the Labor Law of the People’s Republic of China》, 《the Production Safety Law of the People’s Republic of China》, 《the Labor Contract Law of the People’s Republic of China》, 《the Employment Promotion Law of the People’s Republic of China》, 《the Social Insurance Law of the People’s Republic of China》, 《the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations》, and applicable regulations in accordance with national and local policies regarding the employment and treatment of staff and labor conditions. From the employee handbook, it is seen that employees work eight hours a day and implement a three-shift system for factory workers. The non-production department is closed for five days a month, and the production department is closed for eight or nine days a month. At the same time, employees legally enjoy any prescribed benefits, wages, and holidays. In addition, during the period of high temperature, workers will be issued heatstroke and cooling supplies to provide employees with a good and suitable working environment, which also ensures safe production in high temperature weather and effectively prevents the occurrence of heatstroke in front line employees. In addition, the Group has formulated a series of rules and regulations and codes of conduct, based on the principles of “fairness, impartiality, and openness”, and established clear job standards and performance evaluation systems. The performance of each position is directly reflected in the monthly performance bonus, and the year-end bonus of employees is linked to The Group’s efficiency, product quality, production safety, and execution. The evaluation system promotes all employees to pay attention to cost control, product quality, and strengthen safety awareness, forming a good management atmosphere, ensuring the harmony and stability of labor relations, ensuring The Group’s efficiency, and increasing employee income year by year. In 2024, all employees’ income exceeded the minimum labor income set by local governments, and there were no labor disputes with employees.

The Group hires employees in strict accordance with the established recruitment process and plan. The head of the Human Resources Department and the head of relevant departments determine the proposed employee, and the employee can be hired only after the approval of The Group. We actively build a diversified work team, and resolutely resist and eliminate discrimination against others by any organization or individual within the group, eliminate any possible discrimination and prejudice, and treat all employees and applicants equally. The Group adheres to the principle of “fairness, openness and fairness” to encourage and restrict every employee, and resolutely resists the employment of underage children as regular employees of the Group. At the same time, the Group pays attention to talent cultivation and development, and every employee has the right and opportunity to be promoted. The Group assesses the self-recommended employees according to the relevant systems, implements the promotion system for the qualified employees, creates space for the majority of employees to fully implement their talents, and develops training plans to enable employees to get better development.

### 2025 Dongguang Chemical's major indicators of employees



### Dongguang Chemical's number of employees and turnover rate in 2025

Type of employees	Number at y.e	Percentage at y.e	Number of staff left	Turnover rate
Functional management	162	13%	2	1.23%
Urea production	1,007	83%	8	0.79%
Other	50	4%	0	-
<b>Total</b>	<b>1,219</b>	<b>100.00%</b>	<b>10</b>	<b>0.82%</b>

As of December 31, 2025, as the only production base of the group is located in Cangzhou City, Hebei Province, the personnel flow of the group is all located in Dongguang County, Cangzhou City, Hebei Province. The total number of in-service employees of Dongguang Chemical is 1,219, with a relatively large proportion of males and the largest number of urea producers. Overall, the turnover rate of the group for the entire year is relatively small, and the overall personnel turnover is in a relatively stable state.

### 3.1.2 Overview of employee Health and Safety

The Group strictly abides and has complied with during the year by the laws and regulations such as the Production Safety Law of the People's Republic of China, the Regulations on Industrial Injury Insurance, the Fire Protection Law of the People's Republic of China and so on, in order to ensure safe production, we have formulated and implemented the "Working Environment and Safety Management Measures", "On-site Safety Management Percent Assessment Measures" and other rules and regulations, and evaluates daily production safety in accordance with the "Production System Percent Assessment Management Measures" Happening. Secondly, the Environmental Protection Department is responsible for the supervision and inspection of the Group's civilized production management work. It implements daily inspections and regular joint inspections. It issues daily assessments and rectification notices within a time limit to departments that violate civilized production assessment standards, and performs daily assessments and rectification Check records and ledger. At the same time, the Safety Department organizes comprehensive inspections with the participation of production, equipment, process, electrical, instrumentation and other departments, and conducts comprehensive inspections once a quarter. Then, the Group adopts different investigation methods and investigation frequencies for different types of hidden dangers. The responsible person strictly implements the "security inspection and hidden danger investigation and governance system", and implements preventive treatment by classification, and handles the discovered hidden dangers in a timely manner. In addition, the investigation, treatment, and monitoring of hidden dangers of various departments are included in the monthly safety assessment of the person in charge of the unit, and the excellent inspection workshop is rewarded, and the responsible persons who do not require the implementation are given corresponding penalties.

In addition, in order to ensure the safe operation of production facilities, we will implement a one-year repair system for large-scale substations, and small-scale production equipment will also be regularly repaired and maintained; seasonal and professional investigation of hidden dangers, and immediately prepare hidden danger inspection records, the Safety Department establishes the hidden danger files, clarifies the hidden danger level, and urges the implementation of various measures for hidden danger management in accordance with the "five fixed" principles, monitors the hidden danger management situation, and ensures that the hidden danger management is completed on schedule; We hand out labor protection materials around the 15th of each month, ensure adequate, complete, and timely materials for employees. Do a good job in all aspects of the Group's safety in production, reduce the possibility of accidents, so as to ensure that employees have a safe working environment.

In order to prevent and reduce production safety accidents, in accordance with Hebei Province [No. 2] Order Hebei Province Safety Production Risk Management and Control and Hazard Management Regulations, risk management and control have been identified. Determine all the risk points on the site, formulate a list of risk points, conduct hidden hazard investigations according to risk points, and standardize on-site safety management.

Due to the initiative of the employees of the Group and the frequent self-examination of the workshop groups, no safety accidents have occurred in 2025. As such, there were no lost days due to work injury.

Safety-production indicators	times
Environmental pollution accident	0
Fire accident	0
Light-hurt accident	0
Severe accident	0
Death accident	0

#### Statistics of company employee work related casualties in the past three years

work related casualties	2025	2024	2023
Environmental pollution accident	0	0	0
Fire accident	0	0	0
Minor injury	0	0	0
Serious injury	0	0	0
Fatal accident	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

In order to ensure the health of employees, we also invite hospitals to “home service” every year to conduct health checks for all employees. For the front-line employees, we will also arrange related occupational health checks. In addition, we also have corresponding protection for female employees. During the physical examination, it has added inspection items related to female health to ensure the physical and mental health of female employees.

### 3.1.2.1 SIS (Safety Instrument System)

With the development of industry, the production process is becoming more and more complicated, and the possibility of safety accidents is increasing, so the safety control procedures are becoming more and more complicated. There are a lot of production parameters and equipment data in the production process. If these parameters and data are within the specified range, it means that the production is in a normal state; if it exceeds the specified range, it means that there is an abnormal production. In the normal range, this advanced program is called a safety interlock. SIS (Safety Instrument System) is a system to prevent accidents from automatically taking part or whole production equipment to stop, or automatically introducing a predetermined safe state, which can prevent further expansion of abnormal conditions such as mechanical equipment failure and energy interruption. The Group introduced the system in 2019, which greatly improved the degree of automation of the Group's production and provided a guarantee for safe production under abnormal working conditions. This transformation also achieved the Group's safety management ideas of centralized production control, mechanized substitution, and automation reduction.

### 3.1.2.2 Daily fire drill



In order to fully implement the requirements of the three-year action plan for national safety production special rectification and strengthen the construction of emergency rescue capabilities, The Group has specially established the Donghua Fire Brigade and equipped it with professional fire protection facilities and equipment. The Group often organizes factory employees to conduct fire drills. To verify the adequacy and rationality of The Group's emergency rescue team and equipment, further clarify the mutual cooperation ability of various emergency rescue departments in emergency rescue, improve the relevant skills of rescue personnel, enhance their awareness of hazardous chemical accidents, and enhance their ability to prevent and handle accidents. In 2024, The Group organized an emergency rescue drill for production safety accidents. In response to some emergency response functions of The Group's production safety accident emergency response plan, the emergency response capability of The Group's emergency organization was tested and evaluated. This drill was successfully completed, improving the emergency response capability for safety accident rescue.

### 3.1.3 Overview of Staff development and training

In order to provide employees with a better working environment and development prospects, Dongguang Chemical arranges various training courses from time to time to enhance employees' safety awareness and professionalism. The main training items are safety operation skills; emergency rescue training; protection supplies, emergency supplies training; workshop operation rules learning, etc. In addition, all employees must carry out on-boarding training to ensure they master the necessary professional skills. Employees in certain special positions must also hold a certificate to avoid unnecessary damage caused by the lack of technology knowledge.

At present, the internal training of our group is divided into onboarding training, daily training, and other internal training, which mainly includes two parts: process and safety. Our group adheres to the basic requirements of gender equality and provides training for all employees equally. According to statistics, in 2025, there were a total of 171 training sessions, totaling 1,214 hours, with 2,046 participants. This improved employees' knowledge, skills, and quality abilities, ensuring better adaptation to the rapid development needs of The Group.

Training Name/type	content	Internal/ external	Acc. Hours (unit hours)	Acc. Times (unit times)	Acc. Participants (unit people)	Percent (acc. Part./ total staff)	result
on-boarding training	process	internal	64	2	8	100%	Y
	safety	internal	72	5	8	100%	Y
Daily training	process	internal	348	48	680	100%	Y
	safety	internal	730	116	1,350	100%	Y
total			1,214	171	2,046		

- Basic health examination of employees



Our group is people-oriented and cares about the physical health of our employees. From December 9th to December 18th, 2025, we have specially invited medical staff and related experts from the Third Hospital of Cangzhou City to bring physical examination equipment to our factory. We have arranged high-end physical examination packages for about 1200 employees, including basic items such as blood glucose, blood lipids, blood cells, liver and kidney function, electrocardiogram, as well as special items such as chest and abdominal CT, color ultrasound, tumor screening, carbon-14 breath test, etc. Compared with last year, we have added three tumor marker screening and testing items. Cooperate with frontline employees of The Group to conduct physical examinations in batches and time periods, ensuring that production and employee physical examinations are carried out in a balanced manner. Employees can consult with on-site experts as soon as possible for any problems or doubts found during the physical examination, and receive professional and detailed answers and suggestions in a timely manner.

In order to ensure the physical health of employees, our group also invites hospitals to provide on-site services every year to conduct health checks for all employees. For employees on the production line, our group will also arrange relevant occupational health examinations. In addition, the Group also provides corresponding protection for female employees by adding examination items related to women's health during physical examinations, ensuring the physical and mental health of female employees.

In order to provide high-quality and convenient health services to employees, The Group invites a professional medical team from the Third People's Hospital of Cangzhou City to bring medical equipment such as on-board CT, color ultrasound machine, carbon-14 breath test detector, electrocardiogram detector, etc. to the factory for physical examination, so that employees can enjoy professional services without leaving the factory. Being able to conduct inspections in my spare time is very convenient and efficient, and has received unanimous praise from employees.

- May Day International Labor Day Cultural Performance



To celebrate the 135th International Labor Day, the cultural and artistic performance of “Celebrating the Centenary of Workers’ Movement Exhibition” co organized by Donghua Company was grandly held on April 29th at Donghua Company. Fu Wenchang, Secretary of the Party Group and Executive Vice Chairman of the County Federation of Trade Unions, Wang Zhihe, Chairman of Donghua Company, and other leaders attended the event. More than 200 union cadres and employee representatives from all county offices, townships, and enterprises gathered together to compose a hymn of struggle for workers in the new era through diverse artistic forms such as singing, dancing, fast-paced storytelling, recitation, and situational dramas. Sixteen employees created and performed their own programs, presenting a splendid visual feast and showcasing the youthful charm of workers in the new era. The fast-paced performance of “I am Donghua Safety Officer” by Tan Xinying and Zhao Pu, employees of Donghua Company, combines the meticulous investigation of hidden dangers, timely handling of problems, compliance with rules and regulations, and the sense of responsibility of safety officers with a lively rhythm, vividly demonstrating the professional style of enterprise safety officers who strictly abide by the production safety line.

#### 3.1.4 Guidelines and measures to prevent child labor or forced labor

The group strictly complies with applicable national laws and regulations in labor and prohibits the employment of child laborers. Strictly control recruitment, registration, labor contracts, and other aspects to avoid hiring child laborers due to work errors. Before new employees join, The Group will verify the authenticity of their identity information, household registration information, and relevant data provided during the recruitment process. Only those who meet the recruitment conditions can handle the entry procedures; If it is found that the applicant is under the legal age, the appointment will be refused; When new employees join, the receiving department must recheck their documents. If a minor under the age of 16 is found, the Group will seek the minor’s opinions and send someone to escort them back to their original place of residence according to regulations. Upon the arrival of the minor, the Group will request their parents or guardians to sign a confirmation. If child labor or forced labor is found, management will report to relevant law enforcement agencies and investigate internal recruitment process deficiencies that led to such incidents.

There are no cases of child labor, nor the hiring of adolescents for high manual jobs from the view of 2025 employment of both the Group and suppliers.

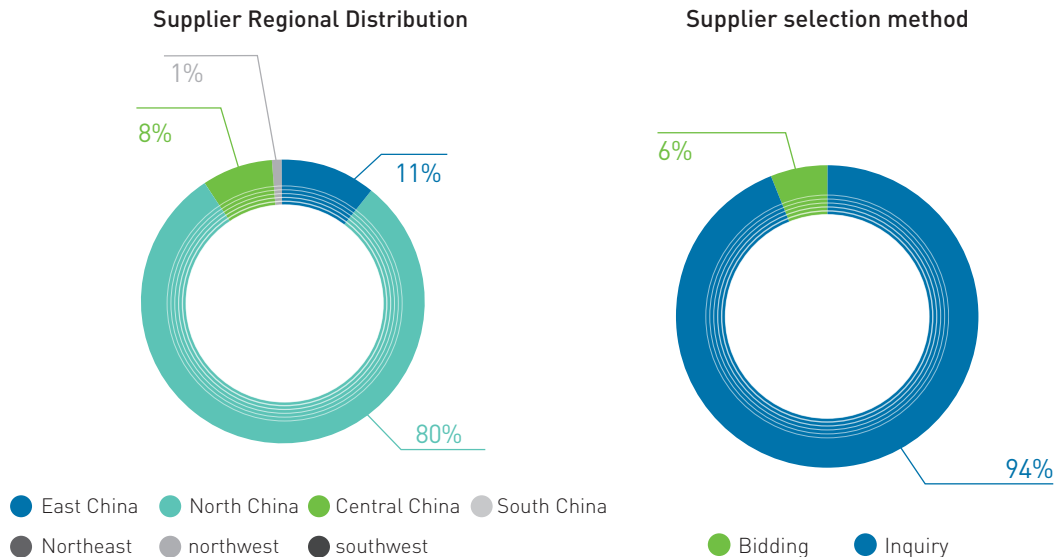
## 3.2 Analysis of Operation Management Status

### 3.2.1 Overview of Supply Chain Management

To effectively evaluate and select qualified suppliers, optimize the Group's supply structure, improve the Group's supply system, and ensure that suppliers' supply quality and production delivery capabilities are in line with the Group's requirements, the Group has formulated corresponding regulations for supplier selection and evaluation management. Based on the Group's "supplier selection and evaluation management system", we set up a responsibilities assessment team to assess the supplier's qualifications, then evaluate them in accordance with the norms of supplier evaluation. From those suppliers we select quality ones to ensure the Group's normal production needs.

The Group has established a list of suppliers and are ready to update them once circumstances change. For suppliers whom we have long-term cooperation with, the Supply Department shall establish a file to obtain copies of a valid business license and various related licenses. The Supply Department organizes related departments and personnel to conduct annual comprehensive evaluations of large suppliers and long-term suppliers at the end of each year, determine the business volume for the following year based on the evaluation situation, and record the evaluation results in written documents. The methods of selecting suppliers include bidding and price comparison. In 2025, Dongguang Chemical had a total number of 91 suppliers and they are distributed in various regions in East China, North China, and Central China. Most of the suppliers were selected through the method of price-inquiry and price-comparison.

The Group takes environmental and social factors into considerations when it comes to the procurement process and suppliers. We require suppliers to fulfill their social responsibilities and promise in writing documents that they should comply with environmental, occupational safety and health, labor, human rights and other matters. We will also provide relevant training or guidelines to ensure that they understand these requirements and how to implement them. Social responsibility performance, such as environment, occupational health and safety, labor, human rights, and ethics, is also one of our criteria for selecting new suppliers. If the supplier failed to fulfill our social responsibility policy, they are not eligible to become our suppliers.



### 3.2.2 Analysis of Anti-corruption Measures of Enterprise

In terms of the construction of anti-corruption work, the group focuses on integrity, strong internal control and anti-fraud. The Board of The Group attach the utmost importance to the enterprise internal discipline inspection work, authorize the Internal Audit Department to carry out disciplinary inspection, supervision, compliance, risk management and other functions, and actively build a modern enterprise anti-fraud model that focuses on risk and control and aims at governance and value addition.

The Group strictly abides by laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, including but not limited to 《the Criminal Law of the People's Republic of China》, 《the Anti money Laundering Law of the People's Republic of China》, 《The Group Law of the People's Republic of China》, 《the Anti unfair competition Law of the People's Republic of China》, and 《the Prevention of Bribery Ordinance》, and has formulated anti-corruption policies in strict accordance with the relevant national laws and policies, strengthened the construction of grass-roots party conduct and clean government, studied, understood and used the law, conscientiously implemented The Group's management's incorruptible practice guidelines, promoted the integrity and self-discipline of leading cadres, and constantly improved the scientific level of anti-corruption construction. Fraud, corruption and other violations of professional ethics that damage the economic interests of the Group can be reported by hotline or email, and the Group will take corresponding punishment on the violators after confirmation; The obtained illegitimate economic benefits shall be ordered to return; If economic losses are caused to the Group, it shall bear economic compensation liability in accordance with relevant national regulations.

#### **Training and education:**

The Group regularly carries out the study of Party members, and further promotes the normalization and institutionalization of "two learning and one doing" study and education. At the same time, it regularly carries out professional ethics warning education and training for The Group's middle and senior management and core positions in the main value chain. From The Group's case, peer case and social real case and other negative teaching materials, let everyone resist the temptation of money, fame and wealth, be upright, be strict with oneself, and set an example. In addition, The Group also hired professional lawyers to carry out relevant training on criminal risk early warning in enterprise operation for the middle and senior management of The Group, and strengthen the legal awareness of the middle and senior management.

#### **Strict supervision:**

The Group has set up special departments to strengthen the internal supervision of enterprises. The Internal Audit Department is responsible for carrying out special supervision work around the main business problems of the enterprise, urging the relevant units to seriously rectify the problems found, and taking serious responsibility for violations of regulations and disciplines. Adhere to the combination of strict management and love, and encourage the courage to take responsibility. We should not only adhere to the principle of seeking truth from facts, implement accurate accountability in accordance with the system, but also make good use of the fault-tolerant and error-correcting mechanism, and strive to create a good working and entrepreneurial environment that "encourages the reformers and emboldens the persons-in-charge".

Meanwhile, the Group has also formulated a whistleblowing policy to provide channels for anyone to report corruption and immorality of our employees in real names or anonymously.

In 2025, Dongguang Chemical did not have any legal cases regarding corrupt practices brought against it or its employees.

### 3.3 Product liability

The Group has been in strict compliance with laws and regulations including the Law of the People's Republic of China on Product Quality, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests; and pays full attention to product quality and sales management. We ask for the high quality for each step from production to delivery. We continuously make innovation breakthroughs in the areas of product enhancement and improvement in order to ensure the quality of products and to provide safer and more environmentally friendly products. The Group produces products in its own production facilities, so it has been constantly looking for solutions to improve the production processes, identifying new production facility models, optimizing equipment and upgrading production facilities to improve the quality and efficiency of production processes, and ensure that products are more efficient.

In addition, the Group has formulated and strictly implemented internal system procedures such as "Product Quality and Safety Management System", "General Principles of Intellectual Property Management", and "Sales Management System" to strive to enhance customer satisfaction and strengthen after-sales services to win customers' trust and support, thereby fulfilling the responsibility of the Group for consumers and the society.

The Group strictly abides by the Network Security Law and the Internet Information Services Management Measures, which are equivalent to the laws and regulations related to customer privacy protection, and carries out user data security management. For employees in the sales and customer service departments of our group, there are confidentiality agreements signed, which include requirements for the confidentiality of user information. The Group ensures that unauthorized information leakage or disclosure does not occur, and that personal privacy data is not shared or transferred to other companies, organizations, or individuals without the consent of regulatory authorities and without the knowledge of users.

As advertising and labelling do not have significant relevance to the Group's operation, the Group's policies regarding the same are considered not applicable and therefore not disclosed in this ESG report.

In 2025, the Group did not recall products due to safety and health problems, nor did the Group receive any complaints relating to its products.

### 3.4 Community investment

The Group has always adhered to the public welfare concept of "sincere dedication and boundless organization", and knows that the development of enterprises cannot be separated from the support of all sectors of society. We drink from the source, actively carry out rural revitalization, community assistance and other public welfare activities, share economic results with all sectors of society, and feed back the people's livelihood.

#### **Voluntary police call:**

The Group attaches great importance to safe production, has set up a special fire department, equipped with professional fire fighting equipment, and carries out fire drills irregularly, so it has skilled response measures for various fire accidents. When there is a fire in the surrounding area, the fire department of the Group will also take the initiative to participate in the fire fighting work and contribute to the environmental safety around The Group. In 2025, there were about 6 police calls.

### Central heating:

Since the Group is a coal-based urea production company, huge heat will be generated in the production process. the Group will send the waste heat generated in the production process to the office area through the pipeline, thereby solving the problem of heating in the office area of the Group in winter, and at the same time achieving the effect of energy saving and emission reduction. Even so, the Group still has abundant industrial waste heat in the production process. Under the leadership and coordination of the Dongguang County Government, the Group signed an agreement with Luyuan Group to provide the waste heat of The Group's gas cooling tower to Dongguang County Heating place. After 5 years of development, The Group has now provided heating for 68 communities, 3 schools, and approximately 2 million square meters in Dongguang County. There are about 15000 households using centralized heating, with a total of about 50000 people using it.

### Dongguang County Welder Vocational Skills Competition:



In order to vigorously promote the spirit of model workers, labor spirit, and craftsmanship, and stimulate the enthusiasm of frontline workers to learn technology, practice skills, and compare skills, the Dongguang County 2025 Welder Vocational Skills Competition, hosted by the Dongguang County Federation of Trade Unions and organized by Dongguang Chemical Co., Ltd., opened on June 12, 2025 at Dongguang Chemical Co., Ltd. More than 30 athletes from 7 representative units in the county competed fiercely on the field of welding splatter.

This competition features three competitive events: arc welding plate to plate docking, arc welded pipe to pipe docking, and argon arc welded pipe to pipe docking. The contestants strictly follow the competition rules and complete the welding operation with solid basic skills and a pursuit of excellence attitude. Every precise arc on the field is forging the soul of craftsmanship. The judges strictly review each item according to the scoring rules and ultimately award the winning works for each project. At the competition venue, welding sparks splattered and arc lights filled the air, creating a tense, intense, and orderly atmosphere.

Donghua Company sent a skilled welding team to participate in the competition. After more than 5 hours of competition, Zhang Weiqi achieved outstanding results, winning the double championship of arc welding plate to plate docking and arc welding pipe to pipe docking. Mi Haifeng won the first prize of argon arc welding pipe to pipe docking, Xu Fanghui won the second prize of arc welding pipe to pipe docking, and Chen Gang and Xu Liyan won the third prize of arc welding plate to plate docking and argon arc welding pipe to pipe docking respectively.

This competition aims to promote learning and skills through competition, providing a platform for employees to showcase their skills and ignite the enthusiasm of welders to learn and study their business, providing endogenous motivation for the high-quality development of enterprises.



## 4. FUTURE PLANNING

### 4.1 The external risks and future plans

In recent years, China's energy industry structure has been continuously optimized, structural reforms on the energy supply side have been continuously progressing, and the release of clean energy supply capabilities has accelerated. The domestic energy industry is facing a transformation, and the rise in market energy supply costs will directly affect the Group's costs and reduce competitiveness. The rapid change of urea market has led to frequent fluctuations in urea market prices. The decline in urea prices directly affects The Group's sales performance.

Facing the constant changes in market supply and demand and the unstable fluctuations in the market price of urea, we have gradually increased appropriate product categories to increase product diversification; actively introduced new technologies for energy saving and consumption reduction, and promoted technological upgrading and production process transformation. We will continue to develop downstream products related to urea, expand the industrial chain and product chain, open new sales channels, and always pay attention to the new direction of industry development.

### 4.2 The internal risks and future plans

Independent innovations such as research and development, technology investment, and application of information technology, professional ethics of senior management personnel, professional competence of employees, and other management factors such as organizational structure, operating methods, asset management, business processes, operational safety, employee health, and environmental protection and other safety and environmental protection factors are all internal risks faced by enterprises, and risks arising from internal factors that enterprises should correctly identify.

We will continue to expand professional technical personnel, develop technical strength, increase talent reserves, and improve the quality and knowledge reserves of the original employees of the enterprise to meet the needs of the development of the knowledge economy. In order to exert greater economic and social benefits, we will continue to actively study energy-saving and environmental protection technologies, increase investment in energy-saving and environmental protection facilities, and effectively reduce production costs by adopting new technologies and new equipment. On the basis of increasing benefits, we will further strengthen energy-saving management and achieve green development of enterprises.

### 4.3 Future development strategy and business plan

The Group will continue to optimize its growth strategy, including effectively increasing production capacity, actively improving production quality and efficiency, and expanding the value chain to urea-related products such as automotive urea products. In addition, we will strengthen our strategic partnership with major clients, diversify our customer resources and identify strategic acquisition opportunities, achieve sustained and stable development, and actively respond to future challenges in order to provide more efficient and environmentally friendly products and quality services.