

利郎 LILANZ

简约男装

利郎 LILANZ

China Lilang Limited

Stock Code: 01234

CREATE
A BETTER LIFE
TOGETHER

Environmental, Social and Governance
Report 2025

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1.1 ABOUT THIS REPORT

REPORT OVERVIEW

This report, the tenth annual Environmental, Social and Governance (ESG) report released by China LILANG Co., Ltd. (abbreviated as "China LILANG", "the Group", or "we"), provides a comprehensive overview of the Group's ESG philosophy, practices, and performance for the year 2025.

DISCLOSURE SCOPE

This report covers the Group's information and data for the period from January 1 to December 31, 2025 (hereinafter referred to as "the reporting period" or "the year"). To enhance the completeness, comparability, and timeliness of the report, certain sections are retrospective to previous years, demonstrating our ongoing progress on the path of sustainable development.

COMPILATION BASIS

This report was prepared in compliance with Appendix 27 of the Hong Kong Stock Exchange Limited's ("HKEX") Listing Rules, the Environmental, Social and Governance Reporting Guidelines, and the United Nations Sustainable Development Goals (SDGs) framework, ensuring the relevance and comprehensiveness of the disclosed information.

DATA DESCRIPTION

The environmental, social, and governance (ESG) data in this report are primarily sourced from internal statistical reports or archives of the group. Unless otherwise specified, all monetary amounts in the report are denominated in Renminbi (RMB). All specific performance metrics have been updated to the final verified figures for the current fiscal year.

LANGUAGE INSTRUCTIONS

This report is published in Traditional Chinese and is available in English. In case of any ambiguity between the Chinese and English versions, the Traditional Chinese version shall prevail.

REFERENCE

For the sake of clarity and readability, the report refers to the following:

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Full Name	Abbreviation
China Lilang Co., Ltd.	China Lilang, the Group, We or us
Lilang (China) Co., Ltd. Wuli Plant	Wuli Plant
Lilang (China) Co., Ltd. Intelligent Logistics Centre	Logistics Centre

CONFIRM AND APPROVE

The report and its data were reviewed, confirmed, and approved by the Group's Board of Directors before release.

RELEASE FORMAT

This report is primarily available in electronic format. For online access or download, please visit the Group's official website.

CONTACT INFORMATION

We highly value the valuable feedback from all stakeholders. Should you have any questions or suggestions regarding this report, please feel free to contact us through the following channels:

- Official website: <https://www.lilanz.com/>
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- Contact: 0595-85622666 / 85622999
- Postal code: 362200

REPORT SYSTEM

This report is the tenth annual ESG report released by China Lilang Co., Ltd.

1.2 MANAGEMENT MESSAGE

Retrospect and Prospect: Building a Resilient Future

Over the past year, China's Lilang has steadily progressed through an era of transformation marked by both opportunities and challenges. The global climate risk, economic transition resilience, and technological paradigm shifts continue to intertwine into a complex external environment. As a well-known domestic men's apparel brand, we deeply recognize that sustainable development is no longer an optional "bonus question" for enterprises, but rather a mandatory "question" that shapes long-term competitiveness and environmental adaptability. Building on the solid foundation established in 2024, we have further deepened our ESG strategy this year, steadfastly pursuing the goal of "co-creating a better life." Focusing on six strategic pillars, we systematically advance four key action pathways: "protecting the planet, sustainable supply chains, caring for people and society, and responsible business practices." These initiatives not only represent our solemn commitment to natural ecology but also demonstrate our active participation in social governance and promotion of harmonious development, putting corporate social responsibility and mission fulfillment into concrete actions.

2025 marks a pivotal year for our ESG strategy transformation. Centered on the vision of "Creating a Better Life Together," we are implementing four key initiatives. These actions not only reflect our solemn commitment to ecological sustainability but also demonstrate LILANG's active engagement in global sustainable governance and the advancement of green, high-quality industrial productivity. We are proud that our sustainability efforts have earned recognition from international authorities, with MSCI ESG ratings rising to BB this year—a testament to both encouragement and motivation.

Low-carbon transition, embrace green future

"Green waters and lush mountains" serve as the driving force behind China's LILANG's proactive upgrades. With a steadfast commitment to sustainable development, we continuously advance green innovation in our products. From meticulously selecting eco-friendly raw materials to adopting green production processes, we consistently reduce our carbon footprint. As we navigate the rapidly accelerating digital era, we actively embrace intelligent transformation by establishing smart manufacturing bases and retail solutions to enhance energy efficiency, leading the green development of the men's apparel industry.

Striving forward, we will achieve a better future

This year marks the 10th anniversary of China LILANG's ESG report release. On behalf of the Board of Directors, we extend our deepest gratitude to all stakeholders who have supported and cared about LILANG's growth. The road ahead is long and challenging, but with determination, we will reach our destination. We will continue to embed sustainability into our corporate DNA, moving forward with unwavering resolve and concrete actions on the path of sustainable development, working together to build a brighter future.

Quality First, Driving Value Management

Quality is the lifeline of China LILANG's enduring growth. We steadfastly uphold the philosophy of "craftsmanship empowering products," embedding sustainability principles throughout the entire product lifecycle through continuous technological innovation and rigorous quality control. Building on last year's achievements, we have further strengthened our R&D system and expanded our patent portfolio. By the end of 2025, we had secured over 230 valid patents. We continuously refine our quality management system, covering every stage from design to market, ensuring each China LILANG product not only meets market aesthetics but also adheres to stringent environmental and quality standards, maximizing customer value transformation.

Harmonious Humanities, Creating Social Value

We firmly believe that a company's true value lies not in self-preservation, but in co-prosperity with society. Guided by altruistic principles, Lilang is committed to creating multidimensional social impact. Through our Supplier Empowerment Program, we provide technical support and ESG capacity-building to establish transparent and responsible supply chain ecosystems. Employees are our most valuable assets, and we strive to create a diverse, equitable, and inclusive (DEI) work environment with robust incentive mechanisms and career development pathways. This year, we further amplify the impact of the "Great Teacher" Public Welfare Fund, continuing to invest in educational empowerment, medical assistance, and cultural heritage preservation. By spreading brand goodwill, we work together to build thriving communities.

Responsibility Piloting, Steady and Far-reaching

With integrity and adherence to the highest business ethics, we build a foundation for sustainable growth. We continuously enhance corporate governance and risk management capabilities to establish a robust trust framework for clients and stakeholders. We firmly believe that only through a responsible approach and steadfast integrity can we secure enduring support.

1.3 BOARD STATEMENT

As China Lilang steadily advances on its new journey toward high-quality development, the Board of Directors has consistently positioned sustainable development as the cornerstone of corporate strategy. We recognize that outstanding environmental, social, and governance (ESG) performance serves as the core competitive edge for enterprises to withstand external risks and achieve long-term sustainability. Following the 2024 work plan, the Board further strengthened its decision-making and oversight authority in sustainability matters during 2025, committed to deeply embedding ESG values into the group's strategic planning and daily operations.

ESG Governance Framework and Substantive Supervision

As the ultimate decision-making body for the Group's ESG affairs, the Board bears ultimate responsibility for ESG strategy, policies, and performance targets. We have established a multi-tiered governance structure from top to bottom, ensuring the governance framework remains agile in response to regulatory changes and market trends through regular reviews of the ESG working group's reports.

- **Dynamic Optimization:** This year, the Board has continued to refine the ESG governance framework, with particular emphasis on strengthening its leadership in critical areas such as identifying major climate risks, enhancing supply chain resilience, and conducting business ethics audits.
- **Target-oriented:** We monitor and oversee the progress of key performance indicators (KPIs) across environmental, social, and governance (ESG) areas, ensuring the group's sustainable development aligns with global mainstream standards. This foundation enables us to set more forward-looking objectives.

In response to global sustainability challenges and the green consumption trend, the Board of Directors of China LILANG will continue to actively fulfill its responsibilities, guiding the Group to achieve a deep balance between business growth and social responsibility. Looking ahead, the Board will maintain unwavering determination to lead the Group through challenges, pursuing financial performance while creating deeper environmental benefits and social value, thereby generating long-term value for shareholders, society, and all stakeholders.

1.4 HIGHLIGHTS FOR 2025

1.4.1 Group Honor and Social Recognition

GROUP HONOR AND SOCIAL RECOGNITION	GRANTING AUTHORITY	YEAR
MSCI ESG rating jumps to BB	MSCI (Morgan Stanley Capital International)	2025.5
"Micro Light Gather Great Love Without Boundaries" Wang Zhuangzi Primary School Thank You Sign	Zhongning County calls for the establishment of Wangzhuangzi Primary School in the water town	2025.11
Tribute to the "Annual Retail Business Model Brand" that has influenced China's retail business for 20 years	WinBusiness Network	2025.5
Annual Social Value Award: Donating to the Heartwarming Enterprise	WeChat Open Class	2025.01

Product Honors

New Typical Case in 2025: Water-repellent Down 4.0 Earns Additional Accolades

Building on its outstanding performance in the previous year, China Lilang has further advanced its technological achievements in industry collaboration this year. In partnership with the China Garment Association and Fujian Fiber Inspection Center, Lilang spearheaded the development and release of two group standards: T/CNGA 87-2025 "Testing and Evaluation of Wet and Cold Resistance in Downwear" and T/CNGA 86-2025 "Water-Repellent Downwear".



Rilang refuses the water feather blanket

- **Case Name:** Lilang Refuses Water Feather Fleece "Southern Advice" Case
- **Honors:** 2025 Shanghai International Advertising Award Gold Award

Issuing Authority: Shanghai International Advertising Festival Organizing Committee



Lilang SMART Elite Series Suit



- **Case Title:** SMART Elite Suit Case – You're the Best, SO SMART

- **Honor 1:** 2025 Longxi Award for Socialized Marketing and Influence in the Hundred-Change China Grand Prize – Silver Award

Awarding Body: Longxi Creative Awards Committee



- **Honor 2:** 2025 Planet Awards BRANDSTAR AWARDS Humanistic Content List

Awarding body: BRANDSTAR AWARDS Organizing Committee



1.4.2 Sustainable Development Performance

SUSTAINABLE DEVELOPMENT MANAGEMENT



- Continuously enhance the rigorous **ESG governance framework and strategic framework**.
- Establish **13** distinct ESG objectives across short-, medium-, and long-term horizons.
- The annual identification of substantive agenda items was completed, with over **500** stakeholders participating in the ESG importance research.
- Based on national policy guidance, industry development trends, and ESG disclosure guidelines, **25** sustainability topics were identified, with 12 being ultimately selected as high-priority.

PROTECT THE EARTH



- Nearly **45** mid-to-senior level executives in the group have completed ESG training, accumulating over **135** hours of training.
- The rooftop distributed photovoltaic power generation system has been operating steadily, generating **2,312** megawatt-hours this year—a **61%** year-on-year increase—which has reduced carbon emissions by approximately **1,291** tons.
- This year, **7.31 million** pieces of apparel were produced using eco-friendly fabrics, accounting for **58%** of the total output.
- Smart factories continuously optimize energy consumption and waste emissions through high automation coverage.

SUSTAINABLE SUPPLY CHAIN



- This year, China Lilang saw **82** suppliers obtain ISO14001 Environmental Management System certification, **62** suppliers receive ISO45001 Occupational Health and Safety Management System certification, **23** suppliers achieve ISO50001 Energy Management System certification, and **8** suppliers earn SA8000 Social Responsibility Standard certification.
- During the reporting period, **786** supplier evaluations were conducted, achieving a **100%** annual evaluation rate.
- During the reporting period, **92** supplier training sessions were conducted to support their healthy development, representing an **88%** year-on-year increase.

CARE FOR PEOPLE AND SOCIETY



- As of the end of this year, the group had **5,847** employees, with **3,166** women accounting for **54.15%** of the workforce.
- During the reporting period, there were zero fatalities and zero lost workdays due to occupational injuries.
- During the reporting period, the group's employees completed a total of **53,436** hours of training.
- This year, Lilang Group and Lilang Charity Foundation have donated a total of **45.6379** million yuan to charitable causes.
- This year, Lilang Group has contributed a total of **4,548** hours of public service in education, healthcare, culture, and other fields.
- The 'Great Teacher' Public Welfare Fund continues to operate, supporting the development of education and healthcare in Jinjiang City.
- The "Youth Aesthetic Education Public Welfare Program" has been steadily expanding. By the end of fiscal year 2025, it had reached **25** provinces, municipalities, and autonomous regions across China, establishing **25** Dream Centers that have benefited over **46,000** children. The program has also successfully conducted multiple teacher training sessions, planting seeds for the sustainable development of rural aesthetic education.

RESPONSIBLE BUSINESS CONDUCT



- This year, the group has handled **zero** corruption and fraud litigation cases, received **zero** employee complaints regarding suspected misconduct, and processed **zero** such cases.
- During this reporting period, we conducted one anti-corruption training session for directors and employees, achieving a **100%** participation rate in the annual anti-corruption training program.
- There were **zero** violations in information security and privacy protection, and the total fines related to information security breaches or other cybersecurity incidents amounted to **zero** yuan.

1.5 ABOUT CHINA'S LILANG

1.5.1 Group Overview

China Lilang was founded in 1987 with its headquarters in Jinjiang, China. In 2009, the Group was successfully listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01234).

Positioned as a business casual men's apparel brand, China Lilang is a leading comprehensive Chinese fashion enterprise integrating independent R&D, production, retail, fabric development, dyeing and printing, design and testing.

The Group owns the core brand LILANZ, the light business brand LILANZ LESS IS MORE, and the legendary golf sport brand MUNSINGWEAR.

As of the end of the reporting period, the Group operated 2,817 terminal stores, forming a diversified distribution network covering 31 provinces, autonomous regions and municipalities directly under the Central Government across China.

Upholding the brand philosophy of "Simplicity without complexity", we continue to drive innovation and upgrading in China's men's apparel industry.

Group Culture



Main Brands

Li Lang China has steadfastly upheld its design philosophy of 'simplicity without being simplistic,' meticulously selecting premium materials, implementing lean production, and rigorously maintaining quality standards. Through continuous innovation, the brand has redefined the landscape of Chinese men's fashion with a contemporary and youthful identity, empowering every man to radiate unique charm through its minimalist yet sophisticated aesthetic.

利郎 LILANZ

Since its founding in 1987, the brand pioneered the 'business casual' apparel category in China, establishing the foundation for the development of the men's wear niche. It is dedicated to providing high-quality business casual men's wear for elite gentlemen aged 25 to 45, who value refined taste and have stringent requirements for garment tailoring and fabric quality.



利郎 LESS IS MORE

青年商务 | 本该轻松

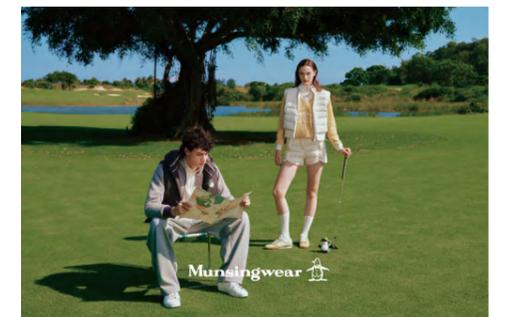
A youth-oriented business brand under Li Lang Group, established in 2016, champions the philosophy that 'youthful business should be effortless.' Embracing the core principle of 'less is more,' it caters to urban young men aged 25-35. The collection features versatile, lightweight men's wear for daily commutes, while its tech-savvy immersive retail spaces embody the brand's image of 'openness, fluidity, avant-garde, and innovation,' offering a youthful take on fashion.



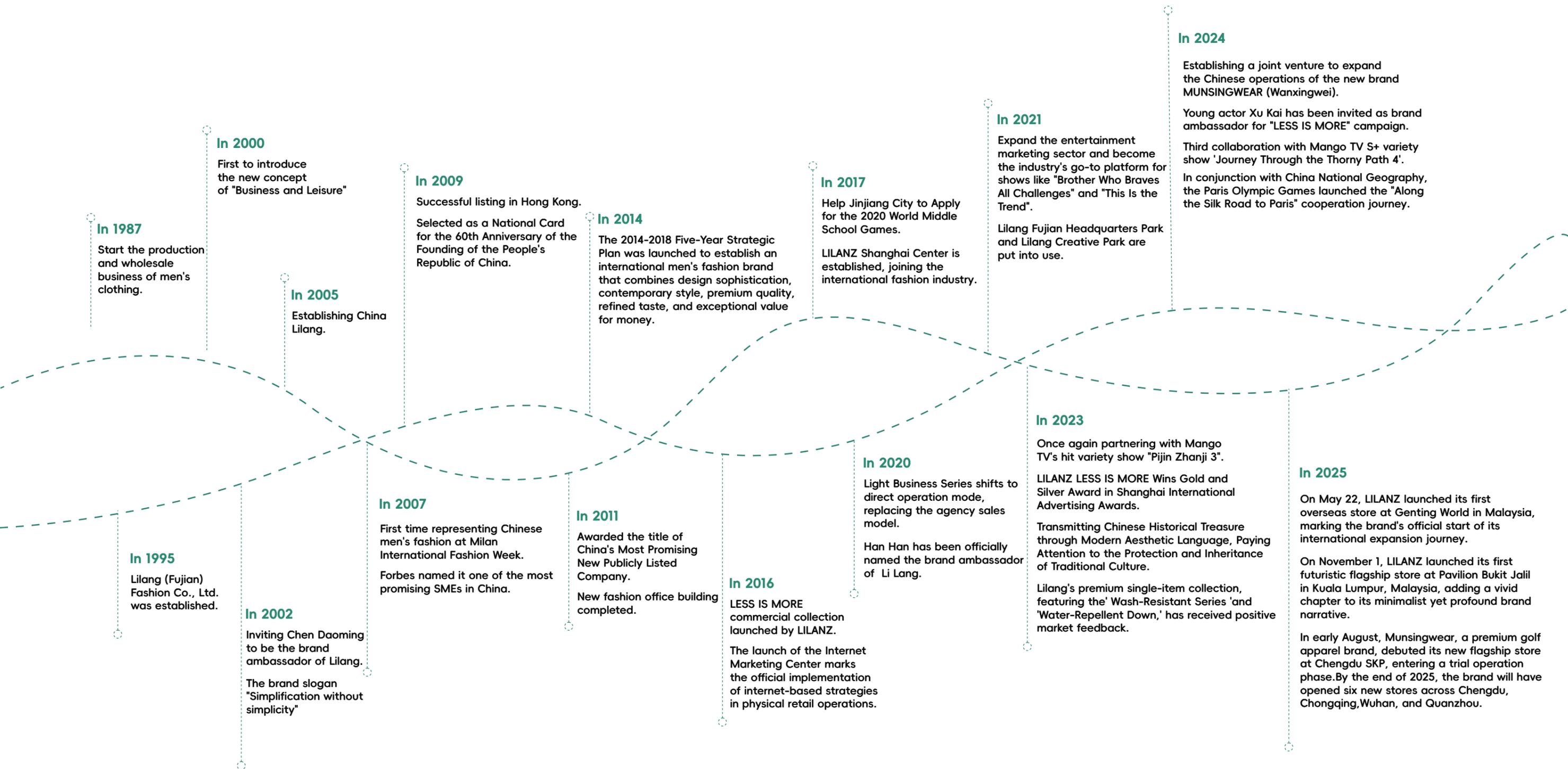
Munsingwear

万星威

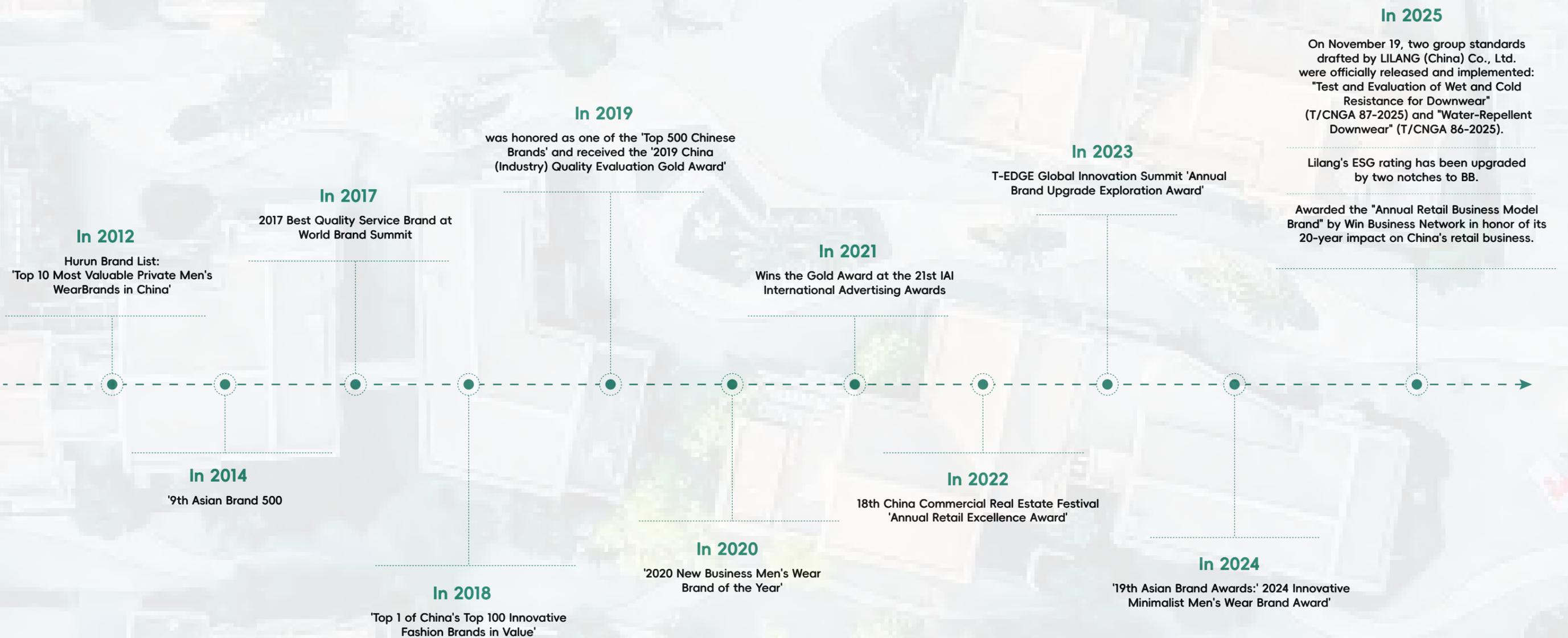
In 2024, Li Lang invested 150 million yuan to establish a joint venture with Japan's Dissan to expand MUNSINGWEAR's presence in China. The brand champions the organic fusion of comfort and technical sophistication, transcending traditional golf styles by seamlessly integrating technical fabrics, masterful stitching, and dynamic design elements, with a strong focus on everyday leisure wear.



1.5.2 DEVELOPMENT HISTORY



1.5.3 GROUP HONOR





02 SUSTAINABLE DEVELOPMENT MANAGEMENT

Amid the global wave of sustainable development, China's Li Lang proactively embraces transformation by deeply integrating ESG management into its group operations. Following the establishment of the ESG strategic framework in 2024, we continue to advance the "Co-Creating a Better Life" ESG objectives this year. While upgrading our brand aesthetics, we are committed to driving sustainability and demonstrating our care for the planet through every garment we create.

2.1 ENHANCING THE ESG GOVERNANCE FRAMEWORK

To further solidify the foundation of sustainable development, China LILANG will continue to enhance ESG governance effectiveness in 2025, ensuring comprehensive and systematic evaluation and management of environmental, social, and governance risks and opportunities. The group has established a well-coordinated ESG governance framework led by the board of directors, supported by management, and driven by cross-departmental collaboration, deeply integrating the concept of sustainable development into daily operational decisions.

ESG Management Framework



BOARD OF DIRECTORS

- As the highest decision-making and supervisory body for the Group's ESG affairs, it bears ultimate responsibility for ESG strategic direction, key issues, target setting, and reporting performance. The Board regularly reviews ESG work reports to ensure the Group's long-term stable development.

ESG MANAGEMENT COMMITTEE

- Responsible for monitoring global ESG trends, aligning with the Group's business strategy to evaluate the applicability of ESG strategies and objectives, and reporting to the Board while providing recommendations. It also oversees the ESG task force to ensure full implementation of these strategies and actions.

ESG TASK FORCE

- Coordinated by the Strategy Department, comprises heads of relevant departments including the Supply Chain Management Center, Production Center, Brand Department, and Human Resources Department. It holds annual meetings to review progress and report to the Board of Directors, ensuring the effective implementation of ESG strategies and measures across the entire group.

STRATEGIC DEPARTMENT AND FUNCTIONAL DEPARTMENTS

- The Strategic Department coordinates ESG initiatives across all departments, drives the implementation of sustainable development strategies, and prepares annual ESG reports.

This year, the Group has further strengthened the synergy of its "ESG Performance and Governance System" by refining multi-level communication and feedback mechanisms to continuously enhance governance transparency. Simultaneously, we are actively exploring long-term mechanisms to incorporate sustainability performance into senior management evaluations, thereby motivating executives to adopt responsible business practices.

2.2 ESG STRATEGY

Globally, the concept of sustainable development has emerged as a key driver for the green transformation of the global economy. Confronted with increasingly severe challenges like climate change, environmental pollution, and resource depletion, countries worldwide are accelerating green development strategies to strike a balance between economic growth and environmental protection. As a leading player in China's men's apparel industry, China LILANG is acutely aware of its historical mission in this era. The company proactively embraces change, continuously integrating ESG management into its business operations. Through the power of fashion, it aims to reduce environmental impact and actively contribute to addressing climate change.

Following the establishment of a sustainable development framework based on group governance and business strategy in 2024, we further deepened our "Co-creating a Better Life" ESG strategic objectives in 2025. While upgrading our brand aesthetics, we are committed to comprehensively advancing sustainability by integrating environmental stewardship into every product. Aligning with our business characteristics, we continue to focus on the core vision of "Form Inspired by Nature, Quality Rooted in Responsibility." Under the three dimensions of E/S/G, we solidify six pillars: green materials and low-carbon fashion, employee care and workplace safety, transparent governance and accountability. This framework enables us to precisely plan action pathways, optimize resource allocation, and ensure the steady implementation of our sustainable development strategy.





2.3 STAKEHOLDER COMMUNICATION

China LILONG has consistently regarded establishing a robust stakeholder communication mechanism as a core element in enhancing corporate governance transparency. With a more open, inclusive, and professional approach, we actively listen to and respond to the expectations and demands of all stakeholders regarding the group's development. Following significant progress in stakeholder engagement in 2024, we further deepened and optimized our multi-level dialogue mechanisms with shareholders, customers, government, employees, suppliers, and communities in 2025. By leveraging more diversified and digital communication platforms, we ensure that voices from various levels receive timely feedback and professional handling. This approach aims to pool collective wisdom and jointly drive the group toward more harmonious and healthy long-term progress on the path of sustainable development.

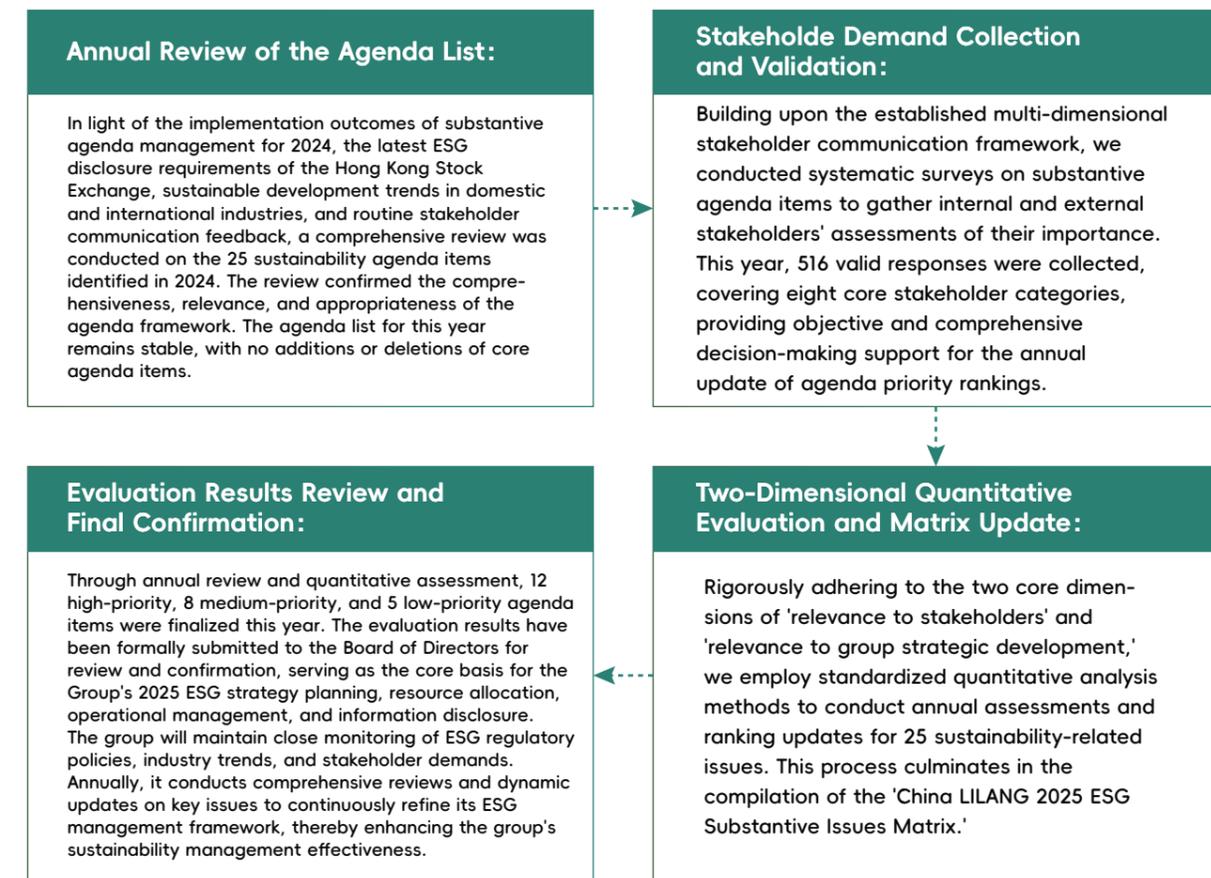
Stakeholder category	Main communication methods	Focus Points
Employees	<ul style="list-style-type: none"> Intranet, Training Employee Activities Trade Union Various Seminars 	<ul style="list-style-type: none"> Employee Rights Protection Health and Safety Training and Development
Government and regulatory agencies	<ul style="list-style-type: none"> Periodic reporting Supervisory inspection 	<ul style="list-style-type: none"> Corporate governance Internal control Climate change Integrity and compliance
Investment Institution /Shareholder	<ul style="list-style-type: none"> Announcements and periodic Earnings briefings Shareholders' meetings Investor research 	<ul style="list-style-type: none"> Corporate governance Information disclosure Investment returns Shareholders' equity
Supplier/Outsourcing Manufacturer	<ul style="list-style-type: none"> Tendering Review and Evaluation Meeting Regular Communication 	<ul style="list-style-type: none"> Supply chain management Honest cooperation ESG performance
Customer	<ul style="list-style-type: none"> Customer surveys Customer service center and hotline Customer visits 	<ul style="list-style-type: none"> Product Quality Management Customer Privacy Protection
Industry	<ul style="list-style-type: none"> Industry discussions and exchange meetings On-site visits and inspections 	<ul style="list-style-type: none"> Circular economy Digital transformation Sustainable raw materials
Media	<ul style="list-style-type: none"> Press conferences Media open days Special reports 	<ul style="list-style-type: none"> Responsible Marketing Social Welfare Charity
Local community	<ul style="list-style-type: none"> Community activities Public welfare projects 	<ul style="list-style-type: none"> Public welfare activities Driving local development

2.4 IDENTIFICATION OF SUBSTANTIVE ISSUES

Li Lang China has consistently embedded ESG principles into its sustainable development strategy, aligning with the national socioeconomic development framework and the cutting-edge trends in the apparel industry's sustainability. The company has established a standardized, routine mechanism for lifecycle management of substantive issues, continuously identifying key topics that profoundly impact the group's operations and core stakeholders. This ensures that the group's strategic planning and operational decisions effectively address both core challenges and potential opportunities in the field of sustainable development.

In 2024, the Group completed the full-process substantive agenda evaluation, establishing a scientifically validated methodology and comprehensive framework approved by the Board of Directors. For 2025, the Group will rigorously maintain its established evaluation system and criteria, conducting annual reviews and optimizations of substantive agenda items. Through sustained two-way communication with key stakeholders—including shareholders, employees, government regulators, clients, and suppliers—the Group ensures its evaluation outcomes consistently align with strategic priorities and core stakeholder demands.

Substantive agenda evaluation steps



Materiality Matrix of China Lilang



E: Green Materials and Low-Carbon Fashion

- 01 Sustainable raw materials
- 02 Waste management
- 03 Climate change and carbon emissions
- 04 Water resources management
- 05 Usage of packaging materials and material recycling
- 06 Green office

G: Transparent Governance and Responsible Action

- 19 Internal control and risk management
- 20 Operating with integrity and compliance
- 21 Corporate governance
- 22 Business ethics and anti-corruption

S: Employee Care and Safe Production

- 07 Product quality management
- 08 Chemicals safety management
- 09 Employee health and safety
- 10 Supply chain management
- 11 Customer service
- 12 Product and process innovation
- 13 Protection of employee rights and interests
- 14 Digital transformation
- 15 Circular economy
- 16 Staff training and development
- 17 Responsible marketing and promotion
- 18 Social welfare and philanthropy

03 PROTECT THE EARTH

Chapter Response

Building on the solid foundation established in environmental governance last year, China LILANG will further fulfill its mission as a "Guardian of the Earth" in 2025 with heightened corporate responsibility and forward-looking strategic vision. Confronting the severe challenges of global climate change, we continue to refine and deepen our ESG governance system to ensure efficient and systematic implementation of sustainable development strategies across all operational levels of the group. Meanwhile, the group has strengthened lean management of energy and water resources, significantly improving resource utilization efficiency. In product lifecycle management, we actively adopt low-carbon eco-friendly fabrics, optimize production processes, and strive to provide the market with more green and healthy products. Additionally, we persistently embrace digital transformation, enhancing resource allocation efficiency through intelligent upgrades to reduce energy consumption and waste generation at the source, fully practicing our solemn commitment to the natural environment.

United Nations Sustainable Development Goals (SDGs)



Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guidelines

- A1 Emissions
- A2 Resource usage
- A3 Environment and Natural Resources
- A4 Climate Change
- B6 Product Responsibility

3.1 CLIMATE ACTION

3.1.1 Climate Governance

Building on the preliminary response mechanisms established in previous years, China LILONG has further strengthened its climate governance framework for the 2025 fiscal year. To effectively address the multifaceted challenges posed by global climate change, the Group continues to leverage the functions of its ESG working group, with the Strategy and Investment Department explicitly designated as the lead department for climate change management. This department is committed to staying abreast of the latest developments in international and domestic climate policies and technologies, while actively assisting external professional institutions in conducting risk assessments and mitigation efforts. These initiatives aim to comprehensively address the potential impacts of climate change on business operations, ensuring the Group maintains steady progress on its sustainable development strategy.

At the highest decision-making level of the group, the Board maintains effective oversight of climate-related risks and opportunities, prioritizing this agenda item in its quarterly meetings to ensure alignment with the group's medium-to-long-term development strategy and global sustainability goals. We consistently view Board capacity-building as crucial for enhancing governance standards. China LILONG requires all directors to regularly attend director training webinars covering topics such as related-party transactions, compliance disclosure, and environmental, social, and governance (ESG) regulations and reporting. Independent directors are also encouraged to participate in business management or corporate governance seminars hosted by professional organizations on an ad-hoc basis. Through diverse continuing professional development (CPD) programs, all directors continuously cultivate and update their expertise and decision-making skills, safeguarding the group's stable operations.

Building on Legacy for the Future: Enhancing Management's ESG Competence to Drive Sustainable Development Strategy Implementation — ESG Handbook Specialized Training

Following the successful implementation of our 2024 training program, we significantly enhanced ESG empowerment for management in 2025. During the reporting period, the Group conducted multiple specialized training sessions on climate change and sustainable development strategies, accumulating over 135 training hours and successfully engaging nearly 45 mid-to-senior level managers. This initiative aims to comprehensively improve the management team's climate risk awareness, strategic response capabilities, and ESG performance management skills, thereby establishing a solid talent foundation for achieving the Group's low-carbon transition goals.



3.1.2 Climate Scenario Analysis

China Lilang comprehensively considers multiple factors, including socio-economic conditions, business characteristics and geographic locations, to conduct qualitative evaluations of potential risks and opportunities arising from climate change. The Company references climate scenarios published by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS) to carry out scenario analysis.

Scenario-Based Input

Analysis Scope

- Encompassing the core businesses under the Group's operational control
- Covering the Fujian Jinjiang headquarters and Wuli parks

Time Scope

- Short-term: 0 to 1 year
- Medium-term: 1 to 5 years
- Long-term: 5 years or above

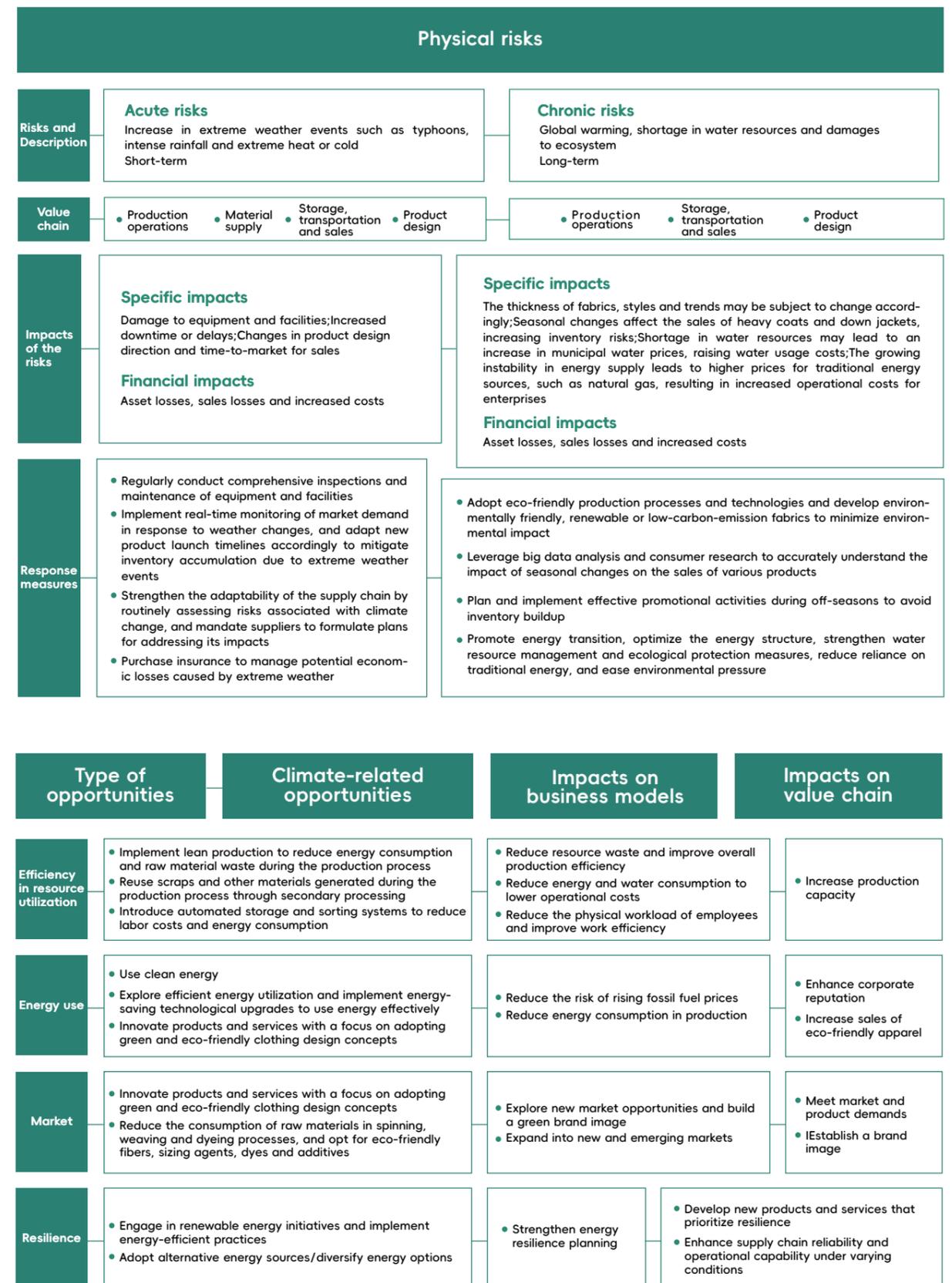
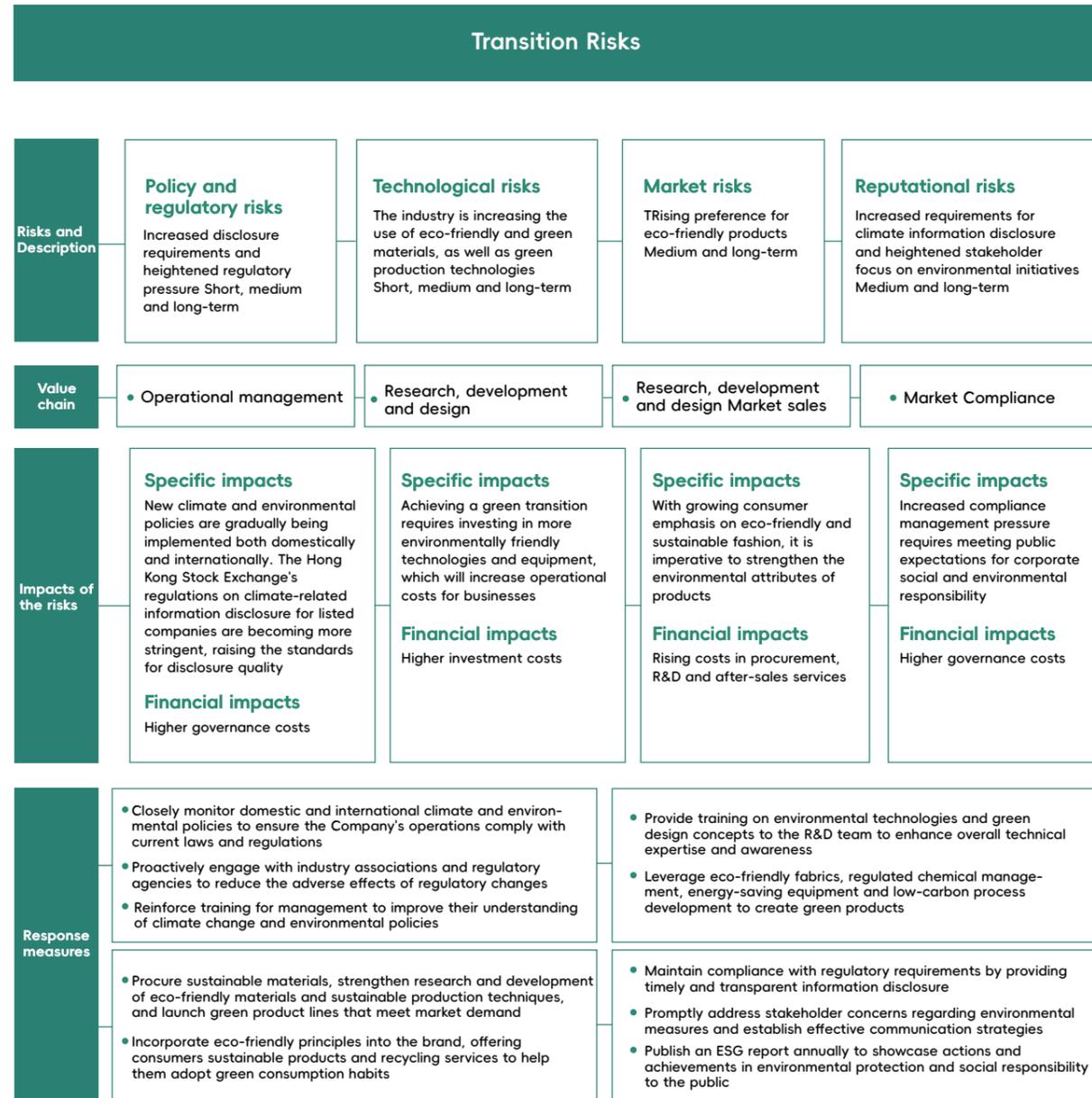
Assumption

- Analysis conducted in 2024, with projection that the location of assets would remain unchanged for a period of time
- Mitigation measures would remain unchanged

	Intergovernmental Panel on Climate Change (IPCC) of the United Nations (Sixth Assessment Report (AR6))	International Energy Agency (IEA) (Global Energy and Climate Model 2024)	Network for Greening the Financial System (NGFS) (Phase IV Scenario)
Scope of Responsibilities	Evaluate climate response measures for five scenarios from a scientific and academic perspective. These scenarios cover the potential range of future developments in human-driven factors of climate change.	Explore various scenarios from the perspective of energy systems, with each scenario based on a distinct set of fundamental assumptions regarding how energy systems respond to the current global energy crisis and its subsequent developments.	Established by central banks and regulatory agencies, it compiles a set of globally unified transition pathways, the actual impacts of climate change and economic indicators.
Characteristics	Focused on the physical science of climate change, but also addresses transition risks in relation to climate change	Focused on transition risks and opportunities, such as outlining energy and emissions scenarios for future energy compositions	Focused on the impact of physical risks, transition risks and opportunities on macro-finance
Scenarios	<p>>3°C</p> <ul style="list-style-type: none"> • Very high greenhouse gas emissions scenario (SSP5-8.5) • High greenhouse gas emissions scenario (SSP3-7.0) <p>>1.5°C and <3°C</p> <ul style="list-style-type: none"> • Medium greenhouse gas emissions scenario (SSP2-4.5) • Low greenhouse gas emissions scenario (SSP1-2.6) <p>≤1.5°C</p> <ul style="list-style-type: none"> • Very low greenhouse gas emissions scenario (SSP1-1.9) 	<p>>3°C</p> <ul style="list-style-type: none"> • N/A <p>>1.5°C and <3°C</p> <ul style="list-style-type: none"> • Stated policies scenario (STEPS) • Announced pledges scenario (APS) <p>≤1.5°C</p> <ul style="list-style-type: none"> • Net zero emissions by 2050 (NZE) scenario 	<p>>3°C</p> <ul style="list-style-type: none"> • Status quo policy scenario <p>>1.5°C and <3°C</p> <ul style="list-style-type: none"> • Below 2°C scenario • Delayed transition scenario • Nationally determined contributions (NDC) scenario • Divergent policy-driven net-zero scenario <p>≤1.5°C</p> <ul style="list-style-type: none"> • Net zero emissions by 2050 scenario • Low-demand scenario
Time Scope	The level of accuracy depends on the data source before 2100	The level of accuracy depends on the data source before 2050	Every five years before 2050, partially depending on model indicators, with data available as far as 2100
Geographical Coverage	<ul style="list-style-type: none"> • Global • Regional data for North America, Europe, Asia, Small Islands, Central and South America, Africa and Australia • Data from individual country/region 	<ul style="list-style-type: none"> • Global • Regional data for North America, Central America, South America, Europe, Africa, the Middle East, Eurasia and the Asia-Pacific region • Data from individual country/region 	<ul style="list-style-type: none"> • Global • Regional data from approximately 200 jurisdictions, including Mainland China and the Hong Kong SAR

3.1.3 Risks And Opportunities

China Lilang has identified climate-related risks and opportunities below, categorizing them into short-term (0-1 year), medium-term (1-5 years) and long-term (5+ years) based on their impact timelines. The related risks can mainly be categorized into two types: physical risks and transition risks. Physical risks, such as frequent extreme weather and ongoing temperature changes, may negatively affect supply chain management, production operations and sales activities; Transition risks mainly arise from factors like changes in market structures and adjustment in regulatory policies in response to climate change. At the same time, China Lilang evaluates the impact of these risks on its value chain and financial performance based on its business characteristics and operation conditions, enabling it to develop targeted response measures.



3.1.4 Indicators and Objectives

Following the preliminary establishment of the greenhouse gas inventory mechanism in 2024, China Lilang further enhanced its emission monitoring and accounting system in 2025. In strict compliance with requirements including Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the IPCC Guidelines for National Greenhouse Gas Inventories, the Group completed a full-scope greenhouse gas emission inventory within its operational boundary, ensuring that emission data are authentic, accurate and traceable.

The greenhouse gas emission accounting boundary of the Group covers its Jinjiang headquarters in Fujian, Wuli factory, intelligent logistics park and self-owned office premises in mainland China under operational control. The accounting scope includes Scope 1 direct greenhouse gas emissions and Scope 2 energy-indirect greenhouse gas emissions. During the reporting period, the primary source of the Group's greenhouse gas emissions was purchased electricity for operations, followed by direct emissions from fuel consumption for production and official vehicles. The Group continues to promote the optimisation of its energy structure and refined data management, achieving a continuous decline in greenhouse gas emission intensity while maintaining steady business development, and fulfilling its low-carbon transition commitments with concrete actions.

Key Performance of Green Products in the Current Year

Primary indicator	Secondary indicator	Unit	2025	2024
Greenhouse gas emissions	The range has been directly affected by greenhouse gases emissions	Tonnes of carbon dioxide equivalent	96	106
	Scope 2 indirect greenhouse gases emissions	Tonnes of carbon dioxide equivalent	13833	12766
	Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	13929	12872
	GHG emission density of Scope 1	Tons of CO ² equivalent earnings per million yuan	0.02	0.03
	Range two greenhouse gas emission density	Tons of CO ² equivalent earnings per million yuan	3.4	3.5
	Total emission density of greenhouse gases	Tons of CO ² equivalent earnings per million yuan	3.42	3.53

Explanation of Changes in Emission Data

Scope 1 direct emissions:

Emissions for 2025 were 96 tonnes of CO₂e, representing a year-on-year decrease of 9.43% compared with 2024. This was mainly attributable to the Group's continuous promotion of green transformation of its official vehicle fleet, including the phasing out of traditional fuel vehicles and increasing the proportion of hybrid vehicles, as well as the optimisation of natural gas efficiency in production plants, leading to a steady decline in direct emissions related to fossil fuels.

Scope 2 indirect emissions:

Emissions for 2025 were 13,833 tonnes of CO₂e, representing a slight increase compared with 2024. This was mainly due to higher electricity demand driven by business expansion and increased production orders during the year.

Emission Intensity Management

Although total emissions rose slightly in line with business development, the Group's overall greenhouse gas emission intensity decreased by 3.12% year on year, with both Scope 1 and Scope 2 emission intensity improved simultaneously. This fully demonstrates the effectiveness of the Group's lean energy efficiency management and green energy substitution measures, with the carbon emission impact per unit output value continuously reduced.

Emission Reduction Management and Long-term Planning

Facing the challenges of global climate change and the national "Dual Carbon" strategy, China Lilang continues to integrate greenhouse gas emission reduction into its long-term corporate development strategy and has established an emission reduction management system covering production, logistics, office and retail scenarios.

Moving forward, the Group will further deepen its low-carbon transition initiatives:

Accelerate the deployment of renewable energy, steadily expand the capacity of rooftop distributed photovoltaic projects, explore new models of "solar-storage integration", and continuously increase the proportion of self-consumed green electricity.

Deepen full-scenario energy efficiency improvement, continue to promote the full implementation of intelligent Energy Management Systems (EMS) in production plants and retail stores, and optimise equipment efficiency and energy structure.

Improve the greenhouse gas inventory system, gradually expand the emission accounting boundary, and timely carry out Scope 3 greenhouse gas emission inventory to achieve refined carbon emission management across the entire value chain.

Formulate scientific medium- and long-term emission reduction targets, clarify emission reduction pathways and timelines, and advance the realisation of the Group's low-carbon vision with more specific and actionable measures.

LILANZ × PRONOUNCE Sustainable Innovation Breakthrough Designers' Co-Branded Collection

Case

Following its groundbreaking advancements in product development in 2024, China LILANZ has deepened its exploration of integrating fashion aesthetics with cultural heritage in 2025. During Shanghai Fashion Week, the group collaborated with PRONOUNCE (Pero Lang Xi), a pioneering contemporary Chinese designer brand, to launch the 2025 Spring/Summer capsule collection "THE ENDLESS HOLIDAY: Going Global". This series delves into the marine cultural essence of Quanzhou, the brand's birthplace, innovatively extracting aesthetic elements from the three-dimensional sea wave carvings on ancient stone pagodas dating back to the Northern Song Dynasty. Through modern precision tailoring and technological innovations in low-carbon fabrics, it successfully achieves artistic reinterpretation and commercial transformation of traditional cultural symbols in a contemporary context.

This collaborative collection embodies PRONOUNCE's signature "Relaxed Fashion" design language, dedicated to delivering an ultra-comfortable yet stylish experience for urban elites. The product range comprehensively covers core categories including business casual shirts, knitted garments, and refined trousers. In fabric selection, the group prioritizes eco-friendly materials with superior skin-friendly properties such as high-count cotton, natural bamboo fiber, and Tencel™, reflecting its commitment to responsible resource utilization. The wave motif elements are presented through modern techniques like embroidery, digital printing, and precision embossing, endowing the products with unique visual identity and profound cultural significance. This strategic cross-border collaboration not only highlights Lilang's forward-looking approach in product innovation and ESG practices, but also marks a milestone in the group's brand rejuvenation strategy and precise targeting of new-generation consumer groups, continuously infusing sustainable fashion vitality into the brand.



3.2 NATURE-FRIENDLY

3.2.1 Energy Management

China LILANG has consistently adhered to the requirements of laws and regulations such as the "Energy Conservation Law of the People's Republic of China," striving to establish and continuously improve its internal energy management system. Following the phased achievements in energy efficiency improvement in 2024, we further enhanced comprehensive energy conservation monitoring and management in the headquarters office building, Wuli Factory, and retail stores nationwide in 2025. Through strategic upgrades of high-efficiency energy-saving equipment, systematic optimization of production processes, and the widespread adoption of green paperless office practices across the group, we significantly reduced energy consumption intensity during the reporting period, integrating the concept of sustainable development into every operational aspect.

In advancing the strategic process of optimizing energy structure and achieving low-carbon transition, our 1,900-kilowatt distributed photovoltaic power generation project at Wulichangfang has maintained outstanding stable operation performance this year. Following the record-breaking electricity generation in 2024, the project's total power output in 2025 surged to 2,312 megawatt-hours, marking a remarkable year-on-year increase of over 61%. This progress not only translates to approximately 1,291 tons of CO₂ emissions reduction but also signifies a more substantial step forward for the group in realizing green energy self-sufficiency and reducing dependence on fossil fuels.

Save Energy

China LILANG has always regarded energy conservation as a vital component of corporate social responsibility. The company has implemented rigorous energy efficiency management measures to minimize energy consumption. Through comprehensive lean energy control at headquarters, the Wuli production center, and retail outlets, the group has significantly reduced energy waste by continuously monitoring equipment efficiency and optimizing process designs. Simultaneously, we integrate energy-saving and environmental awareness into corporate culture. Through ongoing internal campaigns, we actively encourage all employees to participate in green office practices, collectively fostering a low-carbon and efficient workplace environment.

Headquarters

- Following our long-term commitment to low-carbon commuting, we further optimized the official vehicle fleet structure in fiscal year 2025, actively driving the transition to green mobility. During this reporting period, the Group continued phasing out traditional fuel-powered vehicles, with approximately 80% of official vehicles successfully upgraded to hybrid models.
- We have implemented high-efficiency LED lighting systems across the park area and established a routine inspection and shutdown mechanism. The BA intelligent remote control system enables precise scheduling of landscape lighting, central air conditioning, and ventilation systems, effectively reducing energy waste in infrastructure. Additionally, the underground parking lot at Lilang Creative Park has fully adopted time-of-use energy-saving policies, with only one-third of the lighting activated during non-activity periods and reduced to one-fifth after 1 a.m., maximizing power resource utilization.
- After establishing a preliminary digital operations framework in 2024, we fully implemented paperless operations in 2025. By upgrading electronic approval workflows, adopting cloud-based collaborative documents, and implementing paperless meeting systems, we successfully reduced A4 paper printing by approximately 480,000 sheets this year—equivalent to protecting about 58 mature trees. This initiative significantly reduced resource footprint and associated carbon emissions in administrative processes, demonstrating the Group's commitment to environmental governance through concrete actions.



2025 New Typical Case: Promoting Smart Energy Management System (EMS) to Retail Terminal

Following the successful implementation of energy management optimization at our production base, we will extend these advanced technological measures to downstream retail networks in fiscal year 2025. The Group has launched a comprehensive energy optimization program across all directly operated stores and logistics distribution centers. By deploying precision intelligent energy management systems (EMS), we are upgrading terminal store lighting aesthetics, HVAC systems, and thermal supply solutions with smart technologies. The system integrates LED lighting modules and high-sensitivity smart sensing technology, enabling real-time monitoring of energy efficiency data and dynamic load regulation to ensure precise reduction of operational energy consumption. As a key component of the Group's full-value-chain decarbonization strategy, this initiative aims to deeply embed sustainable business principles into the "last mile" of consumer engagement.

Wuli Factory

- Through continuous modernization upgrades and routine professional maintenance of production line equipment, we effectively prevent power and raw material waste caused by outdated equipment or technical failures.
- In large-scale industrial air conditioning and ventilation fans, variable frequency drive (VFD) technology is extensively applied to core energy-consuming equipment. It automatically adjusts power output based on actual workshop conditions, significantly reducing unnecessary energy waste. Meanwhile, the factory's natural ventilation system is optimized to further decrease air conditioning operation frequency, thereby improving overall energy efficiency.



Retail Stores

- The group is implementing energy-efficient upgrades to terminal stores' power supply, lighting systems, and refrigeration infrastructure, while extensively deploying internationally certified HVAC, lighting, and cooling equipment. When expanding its retail network, it prioritizes leasing or constructing LEED-certified facilities as operational hubs.
- Regularly conduct specialized energy conservation training for frontline retail staff to comprehensively enhance their environmental awareness. Encourage employees to implement proactive energy-saving and water-saving measures in daily store operations, embedding green practices into every service detail.



Optimize the energy structure

China LILANG actively responds to the national long-term strategic deployment for energy structure optimization and adjustment, committed to advancing the modernization and low-carbon transformation of corporate energy use. We proactively address policy calls by vigorously expanding the large-scale application of clean energy. Through continuous investment in distributed photovoltaic system construction, we effectively alleviate pressure on traditional power grids while substantially reducing the group's greenhouse gas footprint, contributing to the sustainable development goal of achieving simultaneous growth in environmental benefits and operational efficiency.

A Typical Case: Exploring a New Model of "Light Storage Integration"

After successfully operating multiple distributed photovoltaic power generation projects, we initiated in-depth exploration of the "photovoltaic-storage integration" forward-looking energy management model in 2025. The Group has now fully commenced feasibility studies for energy storage systems at the Wuli Plant and Smart Logistics Park, planning to introduce internationally leading large-capacity battery storage technology. This project aims to address the technical bottleneck of intermittent renewable energy generation through precise "peak shaving and valley filling" regulation—storing energy during low electricity prices or photovoltaic surplus periods and releasing it during peak demand periods. This initiative will further optimize the Group's operational cost structure and reduce grid load. It will substantially enhance the Group's local consumption capacity of green energy, strengthen the stability and economic efficiency of the energy supply chain, and represent a strategic step for LILONG toward its carbon neutrality vision.

Energy consumption performance for the year

	2025	2024
Gasoline	44,915 liters	49,661 liters
External power supply	22,730 megawatt-hours	20,588 megawatt-hours
External gas supply	530,000 cubic meters	590,000 cubic meters
Photovoltaic power generation	2312 megawatt-hours	1435 megawatt-hours

3.2.2 Water Resources Management

Building on the management foundation established in 2024 in the field of resource conservation, China LILANG further strengthened its sustainable water resource utilization system in 2025. The group's production and office water supply primarily comes from municipal water systems, mainly used for daily operations and production processes at the Wuli Plant. We deeply recognize the strategic importance of water resources for ecological balance and corporate sustainability, consistently prioritizing water conservation and protection. Therefore, in daily office operations and various production practices, the group strictly implements a scientific water resource management system. Through process optimization and lean management, we strive to minimize freshwater consumption intensity to the greatest extent possible.

To proactively address potential water resource challenges, we continuously utilize the Aqueduct global water risk assessment tool developed by the World Resources Institute (WRI) to dynamically evaluate overall water risks in the group headquarters and Wuli Plant area. The assessment reveals that both core operational sites are located in geographically high-risk water resource zones. Following routine management measures, the group further deepened water conservation efforts in 2025 by enhancing employee awareness training and investing in advanced recycling technologies to improve wastewater recovery rates in production processes, fully implementing a "nature-friendly" water-saving philosophy. During the reporting period, the group's total water consumption in 2025 was 303,000 tons, with water intensity optimized to 74.48 tons per RMB 1 million in revenue, representing a significant 23% year-on-year reduction, demonstrating continuous progress in resource governance efficiency.

Performance of water resources consumption this year

	2025	2024
Total water consumption	303,000 tons	351,000 tons
Water intensity	74.48 tons; revenue in millions of RMB	96.16 million yuan in revenue

3.2.3 Emissions Management

Following the robust implementation of environmental governance mechanisms in 2024, China LILANG further strengthened its standardized emission management system in 2025. The Group consistently regards environmental compliance as the cornerstone of operations, ensuring proper disposal and resource utilization of all waste categories through more scientific and systematic waste management solutions. We strictly adhere to national and local environmental laws and standards, embedding compliance requirements into every production process to achieve truly green compliant production. This comprehensive approach fully embodies our "nature-friendly" environmental vision.

In terms of regulatory compliance and risk management, the Group strictly adheres to the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" and the "Hazardous Waste Transfer Manifest Management Measures" and other relevant laws and regulations. It has established specific management protocols for hazardous waste in its corporate environmental policies. Given that the Group's current production processes primarily involve non-woven fabric and dyeing operations, the technical characteristics of these processes determine that significant hazardous waste is not generated during daily operations. Nevertheless, the Group maintains highly responsible differentiated treatment measures for exhaust emissions, wastewater treatment, and general solid waste. Through technological upgrades and real-time process monitoring, the Group strives to minimize the ecological impact of production processes.

Building on its proven track record in energy conservation and emission reduction, China LILANG has achieved continued optimization in waste emission performance for the 2025 fiscal year. During the reporting period, the group's hazardous waste density was further reduced to 0.18 tonnes per billion RMB of revenue, demonstrating significant technological advancements in pollution control. This progress stems from the company's proactive transition to a low-carbon operational model, prioritizing clean energy sources like electricity and natural gas as core power drivers. By effectively controlling and reducing the proportion of fossil fuels in its energy mix, the company has substantially lowered overall environmental impact at the source.

Air emissions

- Natural gas replaced coal as the boiler fuel at the Wuli Plant for heating water to produce steam for ironing clothes, significantly reducing air emissions.
- Conduct regular monitoring of natural gas emissions within the industrial parks to ensure adherence to applicable legal and regulatory standards.

Non-hazardous wastes

- It is generally collected daily by the property management company and originates from employees' daily activities and garden pruning.



Sewage discharge

- A limited quantity of industrial wastewater is discharged through municipal pipelines fitted with filtration systems, ensuring minimizing ecological impact.

Scraps wastes

- Optimize technical equipment to control fabric usage, provide training to improve workers' sewing accuracy and regularly send scraps to recyclers for repurposing into various products.

Performance of waste discharge this year

	2025	2024
Total amount of hazardous waste	• 0.37 tons (including 0.02 tons of particulate matter, 0.34 tons of nitrogen oxides, and 0.01 tons of sulfur dioxide)	• 0.37 tons (including 0.02 tons of particulate matter, 0.34 tons of nitrogen oxides, and 0.01 tons of sulfur dioxide)
Density of hazardous waste	• 0.18 tons per RMB 1 billion in revenue	• 0.19 tons per RMB 1 billion in revenue
Total amount of harmless waste	• 1418.28 tons (including 1102 tons of domestic waste; 130 tons of scraps; 13 tons of scrap iron; 174 tons of paper)	• 1429.34 tons (including 1093 tons of domestic waste, 230.27 tons of scraps, 1.83 tons of scrap iron, and 104.24 tons of paper)
Density of harmless waste	• 348.55 tons; revenue of 1 billion yuan	• 391.60 tons; revenue of 1 billion yuan

3.2.4 Packaging Materials

Building on the achievements in lean resource management in 2024, China LILANG has further advanced its green packaging initiatives in 2025. The group strictly adheres to the "moderate packaging" principle, eliminating resource waste caused by excessive packaging, and fully adopts recyclable eco-friendly paper bags as primary shopping bags. For specific products requiring anti-pollution, dust-proof, or moisture-proof features, we scientifically select low-impact materials for independent packaging. Simultaneously, we continuously refine our procurement management system by conducting open bidding and thoroughly evaluating suppliers' ESG performance to ensure compliance and environmental friendliness of packaging materials. Currently, the group has fully integrated carbon reduction and climate adaptation plans into the production stages of products and packaging, persistently promoting the large-scale application of low-carbon alternative materials.



Performance of packaging materials usage this year

	Total packaging material usage	packaging material consumption density
2025	1813 tons	0.45 tons per RMB million in revenue
2024	1689 tons	0.46 million yuan in revenue

A Typical Case of Green Packaging Lean Management-Project of Reducing and Recycling the Whole Chain of Logistics Cartons

With the group's business scale continuously expanding, carton consumption in garment logistics has become a key focus of our packaging material management. After identifying optimization opportunities—including mismatches between carton specifications and automated sorting equipment, secondary carton replacements due to damage during long-distance transport, and underutilized full-scenario reuse rates—the group achieved remarkable results in 2025. Through precise control measures, despite a 7% increase in total packaging consumption driven by order growth, the overall consumption density decreased by 4%, demonstrating exceptional performance.

Core implementation measures



Specification lean optimization reduces losses at source

To address the mismatch between suit transport cartons and logistics park sorting equipment, we specifically optimized the carton dimensions, changing the original 86*60*30cm to 85*60*30cm. This fully meets automated equipment requirements, eliminating carton damage and secondary replacement waste caused by specification mismatches.



Collaborative supply chain management enhances end-to-end box integrity rates

To address the common issue of damaged cartons during long-distance transportation in northern factories, we provide standardized carton samples to upstream partners. This drives suppliers to upgrade packaging materials and production techniques, ensuring quality control at the source and improving carton integrity throughout long-distance logistics.



End-to-end closed-loop management drives circular reuse

A comprehensive system covering logistics parks, production facilities, and physical stores establishes a closed-loop mechanism for carton recycling, sorting, and reuse, enabling compliant cartons to be recycled multiple times while maximizing the service life and utilization efficiency of packaging materials.

Implementation Effectiveness

Following the 2024 lean initiative, the project achieved remarkable results in 2025, with the company's logistics carton usage volume decreasing by 12% year-on-year. Against the backdrop of steady business order growth, the group successfully reduced logistics packaging significantly, effectively lowering timber resource consumption and solid waste generation. Meanwhile, through specification optimization and quality upgrades, logistics turnover efficiency was substantially improved, achieving a win-win outcome in both environmental benefits and operational efficiency.



3.2.5 Green and Intelligent Manufacturing – Wuli Factory

Following the phased achievements in production process optimization achieved in 2024, China Lilang will further actively advance intelligent manufacturing upgrades and automation transformations in 2025, ensuring the overall production process moves toward more efficient and low-carbon goals to deeply align with future sustainable development strategic requirements. The group has fully deployed and optimized intelligent production systems across its own factories, which not only significantly improved operational efficiency but also substantially reduced energy consumption intensity during operations, collaboratively driving the steady development of manufacturing processes toward deeper integration of intelligence and green technologies.

Application of Intelligent Manufacturing and Automation Technology

Following its previous technological upgrades, Lilang has comprehensively deepened intelligent manufacturing and automation technology enhancements across its own factories in 2025. The widespread adoption of smart sewing and automated cutting technologies has significantly enhanced production process flexibility and quality control stability, while substantially reducing raw material waste at the source. Meanwhile, the deployment of intelligent inspection systems has effectively lowered defect rates, further improving overall product yield and resource utilization efficiency. Additionally, the group has actively promoted the integration of automated logistics and smart warehousing systems within its own logistics parks. This has not only significantly improved warehouse throughput and transportation scheduling efficiency but also achieved more precise inventory management, effectively reducing stockpiling and related supply chain losses.

Low-carbon manufacturing and energy management

Following the initial establishment of its 2024 Energy Management System, Lilang has fully implemented the Energy Management System (EMS) across all production bases in 2025. This initiative enables real-time monitoring and intelligent regulation of energy usage data, significantly reducing operational energy consumption while effectively cutting unnecessary carbon footprints. Through these smart management measures, the group has successfully minimized energy waste in production and logistics processes, driving the manufacturing system's transformation toward greener, more stable, and sustainable modernization.



3.3 HIGH-QUALITY PRODUCTS

3.3.1 Product Development

Innovation has always been the core driving force behind LILANG's pursuit of high-quality development. Following the initial refinement of our R&D system in 2024, we further strengthened our comprehensive R&D framework in 2025, integrating fabric development, garment research, precision testing, forward-looking design, process technology optimization, and intellectual property protection. As of the reporting period's end, the group has accumulated over 230 valid patents across various technical fields. This year, the proportion of products featuring proprietary fabrics independently developed by the group has consistently remained at a high level of 60%. We place great emphasis on strategic intellectual property protection, implementing real-time monitoring mechanisms for core technologies to effectively prevent and strictly address all types of infringement incidents, ensuring the security of our R&D achievements and maintaining our commercial competitiveness.

Product Innovation Case

Lilang Long-Lasting White Iron-Free Shirt: Following the launch of the first-generation product in July 2024, we implemented dual technological and quality upgrades for the "Long-Lasting White Iron-Free Shirt" in 2025. This series extensively applies Lilang's proprietary dual-patented long-lasting white technology, which involves precision molecular structure treatment of the yarn to ensure over 95% whiteness durability even after 30 standard machine washes. Combined with a 3.5-grade DP high-standard iron-free process and eight specialized iron-free insert systems, the shirt delivers the quality promise of "no deformation after 30 washes, long-lasting iron-free, and pristine smoothness." It addresses the pain points of traditional white shirts, such as yellowing and difficult maintenance. This shirt has been officially certified by the World Record Certification (WRCA).



Lilang's Wash-Resistant POLO Shirt

In 2025, we joined hands with Ctrip Business, a professional business travel platform, and artist Yan Peilun to launch the newly upgraded Wash-Resistant Polo Shirt.

The product is equipped with the advanced Wash-Resistant 3.0 Fabric, made of high-strength composite yarn through a special weaving process. While retaining the advantages of chemical fiber products—washable, wear-resistant, less prone to deformation and fading, it also delivers breathability and comfort comparable to natural cotton pique fabric.

With UPF50+ professional sun protection and 3D stereoscopic tailoring, it offers business professionals an “one-piece, polished look” dressing solution. This fully demonstrates Lilang's R&D strength and market insight under its “Ultimate Core Item” strategy.



Lilang Water-Repellent Down 4.0

Following the widespread recognition of Water-Repellent Down 3.0, Lilang successfully achieved a technological leap with Water-Repellent Down 4.0 in 2025. This product series achieves deep integration of functional technology and environmental practices. Through collaboration with global down supplier leader Heliang Down Factory to establish the DownTek™ water-repellent down standard, some products utilize eco-friendly functional fabrics like eVent® that are free from PFCs, realizing green production across the entire supply chain.

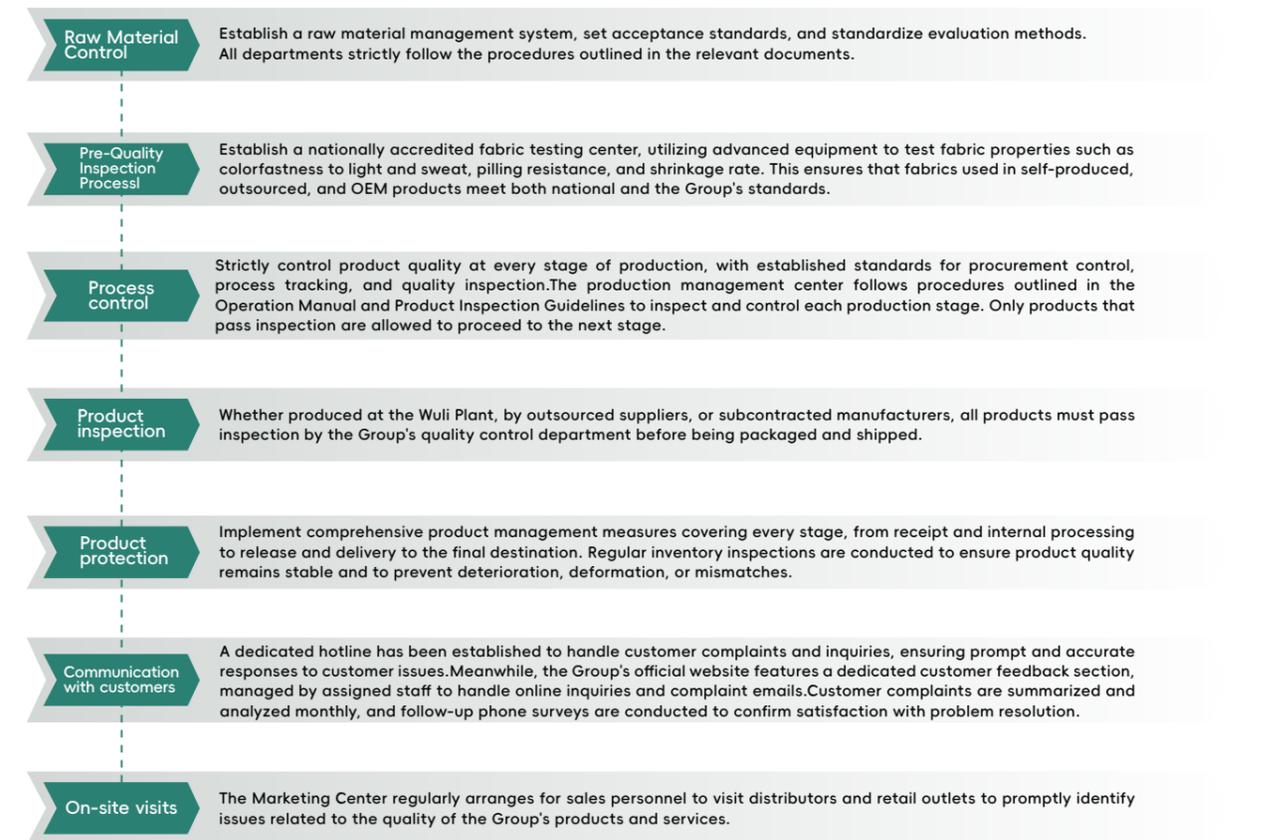


Additionally, we partnered with China Weather to launch the industry's first "Wet Cold Grading System," scientifically classifying downwear's resistance to wet cold conditions and establishing new quality evaluation standards. The products not only maintain the industry-leading 5-level water-repellency performance for 10,000 minutes but also demonstrate the group's strong commitment to environmental protection and consumer health.

3.3.2 Product Quality Control

Building on the robust practices established in our quality control system during the previous year, we have continued to uphold the core quality philosophy of "Quality First, Reputation Supreme" throughout 2025. We have further refined and enhanced our rigorous quality management system that spans the entire product lifecycle. Through implementing lean management across all processes—from raw material supply chain control and production monitoring to final product inspection—we have implemented stringent quality control measures at every critical stage. Additionally, the Group maintains and operates a nationally accredited fabric testing center, utilizing advanced technologies to conduct multidimensional testing of all fabrics. This ensures that all performance indicators strictly comply with national laws and regulations as well as the Group's internal high-standard specifications.

Product control process



Key Performance Indicators for Product Quality This Year

	Product and service complaint count	Receive complaints from regulatory authorities or consumers regarding product safety
2025	1,239 tons	0 items
2024	1,092 tons	0 items

3.3.3 CHEMICAL CONTROL

Lilang fully recognizes the strategic importance of chemical safety management for product quality, ecological protection, and end-consumer health. Building on last year's infrastructure development in chemical substance control systems, we further strengthened our chemical governance policies covering the entire lifecycle in 2025. The Group strictly adheres to international and industry standards, continuously implementing the "Technical Requirements and Implementation Guidelines for Prohibited and Restricted Chemical Substances in Apparel" to clearly define the list of prohibited and restricted substances in clothing products and technical guidelines, ensuring chemical safety from the source. Simultaneously, we implemented lean management across the entire process of chemical procurement, storage, distribution, and disposal, and established dedicated supervision positions to ensure the implementation of all protective measures. During the reporting period, the Group experienced no major chemical leakage incidents. In terms of technical substitution, Lilang continues to advance the substitution plan for Substances of Very High Concern (SVHC), aiming to steadily reduce reliance on potentially harmful substances and optimize management efficiency. The company regularly reviews and updates evaluation standards in accordance with national laws and regulations such as the "New Chemical Substance Environmental Management Registration Measures" to ensure the transparency and compliance of the governance system. Looking ahead, Lilang plans to further expand the disclosure scope of complete ingredient lists to cover at least 30% of product lines and is committed to upgrading the digital inquiry system to comprehensively enhance the convenience of information access.



3.3.4 Green Products

Against the backdrop of global climate challenges, green products have become a core strategic element driving the group's sustainable growth. With a strong sense of corporate social responsibility, China LILANG is committed to developing and promoting eco-friendly products. Building on our previous efforts in green transformation, we will further advance the green transition of our product structure in 2025 by selecting low-carbon eco-friendly fabrics and optimizing production processes. This initiative aims to achieve harmonious coexistence between corporate development and the natural environment, leading the men's apparel industry toward a more environmentally sustainable future.

Preferred materials

At the raw material selection stage, China Lilang consistently adheres to stringent quality and environmental standards, prioritizing natural fibers or recycled materials with outstanding ecological performance, such as organic cotton, sustainable bamboo fiber, and recycled polyester fiber. Building on past R&D achievements, we will further increase investment in green alternative materials in 2025 to enhance product recyclability and biodegradability. Additionally, the group prioritizes establishing strategic partnerships with suppliers certified by international authorities like HIGG FEM and GOTS, ensuring the environmental impact of raw materials is minimized throughout the production process.

Key Performance of Green Products in the Current Year

	2025	2024
China's Lilang produces clothing using eco-friendly fabrics	7,319,500 items	6.4067 million items
Eco-friendly fabric garments account for a certain percentage of the total production volume	58.39%	54.24%
HIGG FEM Certified Supplier	58	45 companies
GOTS-certified supplier	17	18
GRS certified supplier	91	96
BluesignCertification certified supplier	12	13

Sustainable Material

Sustainable material	Sustainability
Biological Nylon Environmental Protection Rainproof Material	<ul style="list-style-type: none"> It is derived from renewable biomass feedstocks (e.g. castor plant) and reduces dependence on fossil fuels in the production process, thereby lowering greenhouse gas emissions.
Recycling and regeneration of rainproof materials	<ul style="list-style-type: none"> By using GRS-certified recycled yarn, plastic bottles are transformed into high-performance recycled polyester fibers, significantly reducing environmental footprint.
Recycled regenerated sponge materials	<ul style="list-style-type: none"> By recycling waste polyester and discarded clothing into high-performance fibers, the process meets GRS certification standards and maintains complete production traceability records.
TPE recyclable film material	<ul style="list-style-type: none"> Crafted from premium fabric, 100% TPE pre-consumer recycled film, and post-consumer recycled fiber fabric, this ensures the product's exceptional recyclability and regenerability.
Recycled regenerated nylon material	<ul style="list-style-type: none"> By recycling waste yarn and materials from production processes, we transform them into high-quality nylon chips, thereby enhancing resource recycling efficiency.
Recycled Reusable Elastic Materials	<ul style="list-style-type: none"> Using advanced polymerization technology, recycled waste materials are transformed into polymers and fibers to produce recycled nylon-coated yarn fabric, which has obtained GRS certification.

Water-repellent down 4.0—the integration of technology and environmental protection

This year, Lilang's Water-Repellent Down 4.0 series has not only achieved significant breakthroughs in functional technology but also demonstrated a profound commitment to environmental sustainability. Throughout its development, the series adhered to a comprehensive green practice spanning from material sourcing to production processes. In material selection, we collaborated with global leading down supplier Heliang Down Factory to establish the DownTek™ water-repellent down standard, driving innovation in upstream materials. Some products utilize eco-friendly functional fabrics like eVent® that are free from PFCs, achieving a green production closed loop from material sourcing to end products. Additionally, we partnered with China Weather to launch a wet-cold classification system, which grades down jackets' resistance to damp and cold, creating a new evaluation dimension for down jackets. These initiatives not only ensure outstanding product performance but also reflect our dual commitment to consumer health and the Earth's environment.



LITE 阴冷

推荐温度 5°C~10°C
推荐湿度 65%RH~95%RH

PRO 湿冷

推荐温度 0°C~5°C
推荐湿度 70%RH~95%RH

MAX 非常湿冷

推荐温度 0°C以下
推荐湿度 75%RH~95%RH

Lilang Long-lasting White Non-ironing Shirt

In 2025, the Lilang Long-Lasting White Non-Iron Shirt received continuous upgrades. The shirt adopts Lilang's dual patented long-lasting white technology, with special processing applied to the yarn. After 30 machine washes, it still maintains a whiteness retention rate of over 95%. In addition, the 3.5-grade DP non-iron technology and 8 professional non-iron interlining systems ensure the shirt remains wrinkle-free, deformation-free and as flat as new even after 30 machine washes. It completely subverts the traditional drawbacks of conventional shirts—such as frequent ironing and easy yellowing after long wear—and significantly reduces maintenance costs for wearers. This shirt has been officially certified by the World Record Certification Authority (WRCA).



Lilang Washable POLO Shirt

In 2025, LILAN's wash-resistant POLO shirts teamed up with Ctrip Business Travel and artist Yan Peilun to showcase the "one piece, one style" NICE experience. The product features upgraded performance with "30 washes like new," "UPF50+ sun protection," and "3D three-dimensional cut." The "Wash-Resistant 3.0 fabric" uses high-strength yarns woven with special techniques, ensuring the POLO shirt retains the durability of synthetic fabrics—resistant to washing, fading, and deformation—while offering breathability comparable to natural cotton. By integrating consumer needs into design and through iterative updates, the wash-resistant POLO demonstrates LILAN's ability to sustain its "Ultimate Single-Item" brand identity.



Environmental protection production

Following its 2024 initiatives in energy-efficient production, China LILANG has further strengthened energy efficiency management and carbon footprint control in manufacturing processes for 2025. The group remains committed to developing and promoting low-impact green production technologies. By integrating cutting-edge resource-saving technologies into production workflows, it aims to minimize energy consumption during manufacturing while actively exploring breakthrough innovations and large-scale applications of green processes.



System Certification

Building on its high-quality environmental management standards, the Wuli Plant under the Group has been awarded ISO14001 Environmental Management System Certification for the 2025 fiscal year, ensuring its production and operations comply with internationally recognized environmental protection standards.



Environmental Process Selection

Following the optimization of pretreatment procedures, we further prioritized eco-friendly technological solutions in 2025. This included promoting environmentally friendly pretreatment methods such as refining, and fully implementing low-alkali or alkali-free pretreatment processes like the efficient short-process steam one-step method for de-cooking and bleaching, as well as cold rolling stacks. These measures substantially reduced energy consumption and chemical footprint.



Energy-efficient green production

In the post-processing phase, following the implementation of water-saving technologies, we further integrated mechanical finishing, low-temperature ion treatment, and foam post-processing techniques in 2025. This significantly reduced the unit consumption of steam and water resources, while lowering wastewater discharge intensity and alleviating the pressure on sewage treatment. These measures effectively mitigated potential impacts on the surrounding ecosystem, fully implementing the group's low-carbon production commitment.

3.3.5 Responsible Marketing

In 2025, China Lilang will continue to ensure all product labels strictly comply with the Trademark Law of the People's Republic of China, accurately labeling core information such as fabric fiber composition, washing methods, and care instructions. All brand communications and product advertisements within the group adhere to the latest provisions of the Advertising Law of the People's Republic of China. To address potential counterfeit products bearing the "LILANZ" trademark in the market or e-commerce platforms, the group has established a comprehensive reporting and rights protection mechanism. Upon discovery, immediate collaboration with regulatory authorities will be initiated for handling. During the reporting period, the group reported no major violations in product/service labeling, advertising promotion, or privacy protection.

3.4 DIGITAL EMPOWERMENT

Following the initial formation of its 2024 digital framework, China LILANG further enhanced the precise empowerment of internet, IoT, and big data technologies across its entire R&D, manufacturing, and retail supply chain in 2025. By optimizing resource allocation efficiency and reducing energy consumption and waste generation in production and distribution processes, the group is accelerating its transition from traditional manufacturing to intelligent and green production. The continuous optimization of intelligent business processes has not only significantly improved operational efficiency but also effectively reduced the company's carbon footprint, setting a benchmark for the deep green integration of digital and physical economies in the apparel industry.

3.4.1 Digital Low-carbon Transformation

Following the establishment of its carbon reduction framework, Li Lang has been steadily advancing the green transformation of its manufacturing centers, supply chain collaboration, and logistics systems through 2025. The company has fully implemented specialized carbon reduction and energy optimization initiatives across key areas including in-house factories, strategic supplier partnerships, smart logistics distribution, and retail terminals. These efforts aim to build an efficient, transparent, and climate-resilient sustainable operational system.

Low-carbon manufacturing and intelligent factory upgrading

Following the establishment of an energy-saving and emission-reduction framework in 2024, our group has comprehensively deepened carbon reduction and energy optimization initiatives across all in-house facilities in 2025, committed to building a green and efficient manufacturing ecosystem. The company has vigorously expanded renewable energy applications, continuously promoting distributed photovoltaic power generation and Energy Management Systems (EMS) at both production bases and headquarters, leading the transition to green energy in manufacturing. Concurrently, Lilang has consistently upgraded smart manufacturing capabilities by introducing advanced energy-saving equipment, implementing low-carbon process improvements, and optimizing production workflows, ensuring steady annual reductions in energy intensity and carbon emissions. Additionally, we conduct regular energy consumption assessments in manufacturing processes to drive continuous reductions in unit energy consumption at our facilities, while strengthening low-carbon collaborations with suppliers across the supply chain to ensure sustainability throughout the value chain.

Green Logistics System and Low-carbon Transportation Practice

Following initial practices in optimizing transport efficiency, Lilang further refined its comprehensive carbon reduction strategy covering fleet configuration, route planning, and packaging optimization in fiscal year 2025. The group has progressively increased the proportion of new energy transport vehicles in major logistics centers, effectively integrating dispersed warehousing resources through newly constructed smart logistics parks to enhance contract fulfillment efficiency and reduce carbon emissions in transportation. Additionally, the logistics parks are equipped with intelligent devices such as AGVs to facilitate efficient cargo flow, while administrative and logistics fleets are being gradually replaced with new energy vehicles as planned to minimize overall carbon footprint. We have also fully deployed intelligent energy management systems in key warehousing and distribution centers, leveraging smart logistics and inventory optimization technologies to precisely reduce energy consumption during storage and transportation processes, further advancing the green transformation of the supply chain.

Energy Lean Management of Retail Stores and Distribution Centers

Following its efforts to enhance energy efficiency in production, the group will extend its energy optimization program to retail networks in fiscal year 2025. LILANZ is actively implementing energy management initiatives across all directly operated stores and distribution centers. Through the use of an Energy Management System (EMS), the company optimizes lighting, air conditioning, and heating systems, while extensively adopting LED high-efficiency lighting and smart sensor technologies. This enables real-time monitoring and dynamic adjustment of energy consumption data, effectively reducing resource usage during operations. LILANZ plans to integrate all directly operated stores into the energy-saving optimization system by 2028, with regular updates on progress disclosed in annual Environmental, Social, and Governance (ESG) reports. This ensures that store and logistics operations consistently meet global sustainability standards.

3.4.2 Intelligent Manufacturing

Building on the solid foundation established in 2024 for intelligent transformation, China LILANG further deepened its strategic layout for "smart manufacturing" upgrades in 2025. The group is committed to constructing leading smart factories by deeply integrating automation, digitalization, information systems, and visualization, successfully establishing an integrated smart manufacturing management platform. This platform comprehensively empowers intelligent workshops, precisely connecting the entire production data flow from business acceptance and production planning to upstream and downstream processes, achieving deep intelligence in production equipment, execution systems, and management decision-making. During the reporting period, the automation coverage rate of smart factories has significantly increased to 70%, cumulatively incorporating over 50 industry-leading technological innovations. With outstanding digital and intelligent performance, the group has become a benchmark enterprise for intelligent transformation in the apparel industry, continuously leading the leapfrog technological progress in industrial productivity.

Self-service production line

- Following the initial automation upgrade in 2024, our group further optimized automated production line operations in 2025. By introducing high-precision intelligent machinery and highly integrated automated production lines, we have progressively replaced traditional labor-intensive tasks, achieving a fully integrated and fully automated production process from raw material sourcing to finished product assembly.
- Furthermore, the group has seamlessly integrated core production equipment—including looms, automatic cutting machines, and high-performance sewing machines—through its information systems. This integration enables efficient data sharing and remote precision control, significantly enhancing collaborative efficiency across production processes.

Digital information management

- After establishing the digital management framework, we further enhanced the digital information management system in 2025. By deeply integrating MES (Manufacturing Execution System) with core systems like ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management), we achieved real-time dynamic monitoring of all production data and efficient two-way information flow.
- The system comprehensively covers all critical production stages, including cutting, sewing, and finishing, ensuring full transparency and traceability throughout the entire production process.

Visual production command center

- Following the establishment of the 2024 monitoring system, we further enhanced the functionality of the Visual Production Command Center. The center features a central control console that dynamically displays real-time production data and key performance indicators (KPIs) through a high-definition display system, effectively supporting management in making scientific and timely decisions.
- Furthermore, by leveraging big data analytics tools, we can accurately predict potential equipment failures, implement preventive maintenance in advance, and minimize operational losses caused by unplanned downtime.

intelligent logistics system

- In the logistics sector, following the initial implementation of automated warehousing, we fully upgraded our intelligent logistics system in 2025. By adopting cutting-edge technologies such as AGV (Automated Guided Vehicle) conveyor lines, flexible racks, and powered horizontal storage units, we achieved automated precision transportation and storage sorting for both garment components and finished garments, significantly reducing delays and human errors in the logistics process.
- Through deep integration between the dynamic level storage unit and the intelligent sorting system, the system automatically stores and sorts chips, ensuring all materials are swiftly allocated to their designated workstations as needed.

flexible production

- In terms of production models, following the progress of flexible transformation, we further implemented flexible production models in 2025. By adopting modular production methods, we scientifically consolidated small-batch orders for production. This approach, combined with centralized processing of specialized skills, significantly enhanced the adaptability and output efficiency of the production line.
- Meanwhile, the group leverages its collected production big data for in-depth modeling and analysis, enabling precise optimization and dynamic adjustments to production plans, which significantly improves the accuracy of production forecasts.

Furthermore, the smart factory consistently prioritizes environmental protection and sustainable development as its core governance objectives. During construction, we rigorously adhere to green building standards. After commissioning, building on our 2024 energy management practices, we further implemented intelligent energy control and precise material cutting in 2025 through deep automation and digitalization. This maximizes raw material utilization while significantly reducing waste emissions and effectively lowering carbon intensity in production processes, demonstrating concrete actions to protect the ecological environment.

Green Building Design

The factory is designed in accordance with LEED certification standards, incorporating environmentally friendly building materials and prioritizing natural lighting and ventilation to significantly reduce energy consumption and environmental impact.

Smart Energy Consumption Control

By leveraging IoT technology, energy usage is monitored across various areas, enabling intelligent regulation of electricity demand and preventing energy waste. Data is also collected and analyzed to identify consumption patterns, facilitating ongoing optimization of energy use efficiency.

Precise Material Cutting

The automatic cutting machine precisely cuts fabric to standard specifications, minimizing scraps waste and ensuring maximum utilization of resources.

Waste Emissions Reduction

With an automation coverage rate of up to 70% and over 90% post-sewing automation, unmanned operations are achieved, reducing energy consumption and waste emissions.

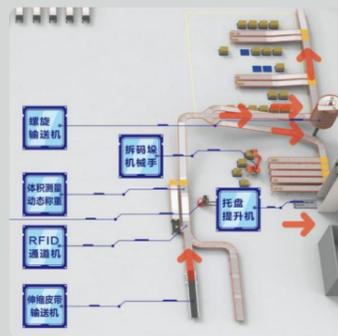


3.4.3 Intelligent Logistics

Following key advancements in omnichannel logistics reform in 2024, the Group further strengthened the core functions of its new warehousing and logistics center in 2025. We continue to focus on lean optimization of fleet allocation, transportation route planning, and loading/packaging processes. Through the newly constructed smart logistics park, we successfully integrated previously scattered warehousing resources into a systematic network, achieving a strategic transformation from traditional linear systems to an efficient grid-based logistics matrix. This initiative not only effectively shortens delivery routes from factories, cloud warehouses to end-store outlets and individual users, but also significantly improves logistics turnover efficiency through the "One-Stop Direct Shipping" model, thereby substantially implementing energy-saving and emission-reduction targets across transportation and distribution processes. The Lilang Smart Logistics Park deeply leverages cutting-edge digital intelligence software such as ERP, WMS, and WCS to establish a smart hub for logistics operations, achieving high automation in operational processes and intelligent decision-making.

Technology Upgrade and Performance Optimization of Intelligent Receiving System

Following the implementation of the preliminary smart logistics park plan, the Group fully launched its intelligent receiving system in 2024. Upon arrival at the logistics center, goods are automatically connected to storage through high-precision telescopic belt conveyors. During critical identification phases, the system employs RFID omnidirectional scanners to perform millisecond-level scans of product chips, automatically verifying core data including category, specifications, quantity, and production batch to ensure information accuracy and traceability. Subsequently, advanced palletizing robots replace traditional manual handling, enabling efficient and precise material stacking operations. The assembled garments are then transported via vertical lifting systems to the automated sorting area on the second floor for precise replenishment, ultimately guided by screw conveyors to designated storage locations. This fully automated process with real-time information synchronization not only significantly improves the accuracy of receiving and warehousing but also establishes a robust data foundation for subsequent efficient contract fulfillment.



3.4.4 Smart Retail

Following the preliminary formation of its new retail technology framework in 2024, China's LILANG further deepened its strategic layout for digital and intelligent retail in 2025. Closely aligning with the transformation trends in the global retail industry, the company has integrated its group cloud warehouse with offline store retail, micro-malls, and third-party mainstream e-commerce platforms (such as Tmall, JD.com, and TikTok) through its independently developed efficient collaboration system, building a comprehensive marketing network covering all scenarios. Meanwhile, the group has expanded the depth and breadth of RFID chip technology applications, continuously optimizing its operational service system under new retail scenarios. In November 2025, LILANG grandly inaugurated its first global "Future Commerce" retail concept store in Kuala Lumpur, Malaysia. By integrating cutting-edge technologies such as AI virtual fitting mirrors, RFID smart shelves, and mobile payments, the store delivers immersive and personalized premium experiences for consumers, comprehensively enhancing service efficiency and brand value.

Match shipment

After optimizing our logistics distribution process, we will continue implementing the "matched shipping" mechanism in 2025, strictly adhering to the principle of "nearest location for single items, full coverage for multiple items." This initiative aims to significantly enhance order fulfillment efficiency and optimize resource allocation, ensuring customers enjoy a more convenient, efficient, and low-carbon shopping experience.

Precision marketing

After establishing a comprehensive omnichannel data infrastructure, the group further enhanced its precision marketing strategy in 2025. By systematically integrating big data from both online and offline omnichannel members, and leveraging in-depth profiling of member tags and consumption behaviors, we achieved targeted allocation of marketing resources, thereby significantly improving conversion rates and brand recognition.



04 SUSTAINABLE SUPPLY CHAIN

Building on its established foundation in sustainable supply chain governance, China LILANG will further embed sustainability principles into its end-to-end supply chain management framework in 2025. The company proactively assumes the core responsibility of leading the green transformation of industrial chains, while strengthening oversight of suppliers' environmental and social responsibilities. Through continuous implementation of responsible procurement policies, optimization of supplier evaluation systems, multidimensional empowerment of supplier capabilities, and strict accountability measures for underperforming partners, the group is committed to driving the entire industrial ecosystem toward virtuous cycles and high-quality sustainable development.

4.1 RESPONSIBLE PROCUREMENT

4.1.1 Access and Review

Following the phased optimization of supplier access procedures, we have continued to implement and upgrade stringent supplier access and review mechanisms in 2025 to align with China's Lilang Group's long-term development needs and the modernization trends in global supplier management. Based on core management systems such as the "Supplier Cooperation Basic Threshold," the Group leverages the professional functions of the Supplier Management Committee to further clarify and standardize requirements for new supplier development and compliance management. During the introduction of new partners, we rigorously review their basic information, supply quality, delivery capabilities, corporate entities, and management performance according to established systems. Through in-depth on-site inspections, we ensure suppliers possess the capability to deliver high-quality products meeting international standards. Simultaneously, Lilang continues to strengthen its commitment to responsible raw material procurement by setting forward-looking and measurable annual targets. These efforts aim to substantially reduce the negative environmental impact of the supply chain while significantly enhancing overall supply chain transparency and social responsibility awareness.

Entry Process



On-site Inspection

Infrastructures Conduct site visits to supplier facilities to inspect factory infrastructure and workforce conditions, focusing on machinery, protective equipment, and workforce stability.	Professional Competence Conduct a verification of the supplier's professional team to evaluate their expertise and relevant experience.	Peer Review Assess the supplier's clients to ensure alignment and compatibility of their products and services.
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4.1.2 Selection and Use

In 2025, China Lilang further optimized its supplier selection and utilization process. We consistently prioritize compliance as the primary criterion for partner screening, giving priority to companies demonstrating outstanding performance in environmental governance, labor protection, and health and safety. Through establishing a robust procurement management system, we continuously enhanced dynamic monitoring of potential supply chain risks during the reporting period, effectively eliminating opaque operations and commercial corruption. Our commitment to building a transparent and responsible supply chain ecosystem has fully realized green and responsible procurement practices.

Building on the initial success of driving the green transformation of raw materials, Lilang will further advance its sustainability philosophy in 2025 by fully implementing responsible sourcing initiatives. We are committed to raising sustainability standards for cotton sourcing, prioritizing third-party certified organic and recycled cotton to substantially reduce the environmental impact of traditional farming practices worldwide.

After optimizing the supply chain risk screening mechanism, the group further reduced the use of controversial raw materials in its supply chain in 2025. We collaborate closely with suppliers, continuously improve product traceability systems, and conduct regular supply chain due diligence to ensure full compliance and ecological sustainability in raw material sourcing.

Responsible procurement

Following the establishment of ESG procurement indicators in 2024, Lilang has continued to implement its responsible procurement strategy in 2025, ensuring that all core raw materials meet internationally recognized sustainability standards. We are steadily increasing the proportion of certified materials as planned, aiming to further reduce our environmental footprint through transparent supply chain management.

Environmental protection

Building on our prior investments in environmental governance, we will proactively align with national environmental policies in 2025, mandating strict compliance with the Environmental Protection Law for major raw material suppliers. Suppliers holding ISO14001 Environmental Management System certification will be given priority by the Group.

The group consistently deploys specialized audit teams to conduct rigorous documentation reviews of production suppliers, ensuring all compliance certifications are integrated into the management system. We specifically require suppliers in critical processes such as dyeing, electroplating, painting, and washing to hold local discharge permits, thereby ensuring that production activities have a controlled environmental impact.

Labor standard

Building on our established practices in labor rights protection, we will continue to rigorously require suppliers to comply with core laws and regulations, including the Labor Law of the People's Republic of China, throughout 2025. The Group maintains a zero-tolerance stance against illegal practices such as child labor and forced labor, and will implement the strictest corrective measures against partners with severe violations.

Health and Safety

Following our previous efforts to establish management systems in the occupational health sector, we will further urge suppliers to implement a comprehensive safety production responsibility system and supporting regulations in 2025. We require partners to adopt necessary safety protection measures and continuously improve working conditions on the production front. When selecting new partners, the group will prioritize suppliers with internationally recognized occupational health and safety management qualifications.

key performance indicator of supplier management for the year

	2025	2024
Supplier quantity	263	275
By region	2025	2024
China	248	266
Foreign	15	9

4.2 SUPPLIER EVALUATION

4.2.1 Supplier Evaluation

In 2025, China Lilang implemented a comprehensive supplier performance evaluation system to significantly enhance supply chain efficiency through refined management practices. We continuously optimized the evaluation framework, covering four key aspects: assessment dimensions, evaluation frequency, methodology, and resolution mechanisms, ensuring the system's comprehensiveness and forward-looking nature. This mechanism enables regular reviews and dynamic optimization of partners' overall performance, allowing us to promptly identify and mitigate potential supply chain risks. By doing so, we comprehensively improve supply chain quality and stability, laying a solid foundation for the group's long-term sustainable operations.

Supplier Evaluation

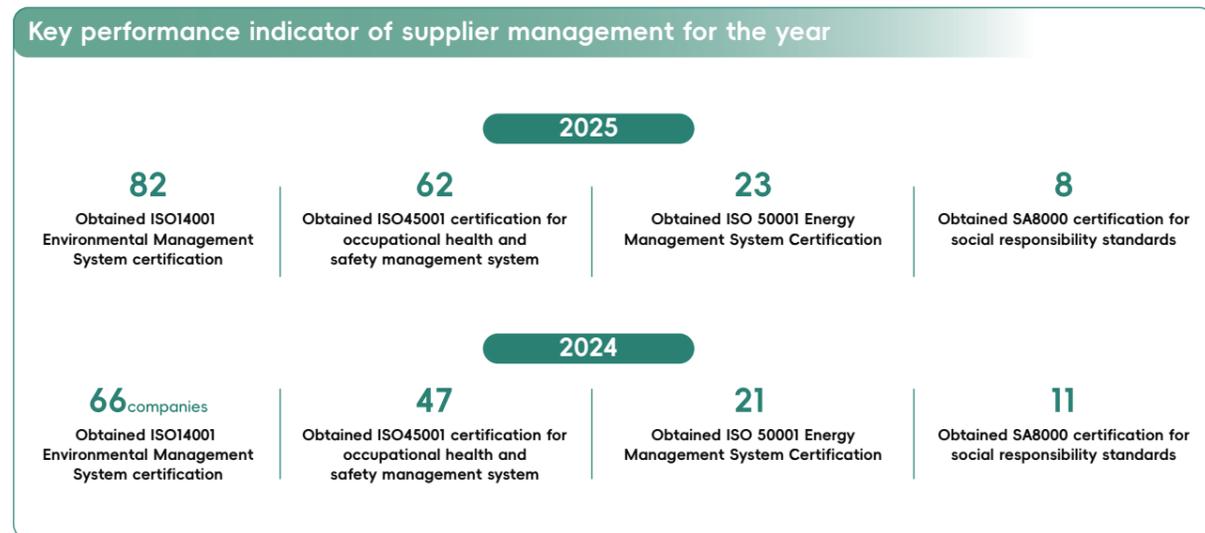
- Dimensions of evaluation** Supplier evaluation is conducted by the Group through daily collaboration, industry networks, and systems from banks and other clients. Key evaluation criteria include quality, delivery time, service, collaboration, costs, and material usage.
- Frequency of evaluation** Regular evaluation to suppliers on a quarterly and yearly basis.
- Methods of evaluation** Scoring conducted through online and offline methods.
- Handling mechanisms** A supplier rectification mechanism has been in place to address performance issues. Suppliers who fail the evaluation are required to make improvements, and their progress is monitored through periodic follow-up assessments.



Based on supplier evaluation results, the group categorizes suppliers into five tiers: S/A/B/C/D. Suppliers in tiers S/A/B are prioritized for key collaborations, tier C serves as general suppliers with controlled cooperation scale according to product requirements, and tier D is marked as non-compliant suppliers terminating business relationships. Through continuous monitoring and dynamic rating adjustments—including performance evaluations, compliance audits, and market adaptability assessments—we can timely reflect changes in service quality and collaboration value, enabling flexible tier adjustments. This approach not only motivates suppliers to self-improve and upgrade but also effectively maintains the health and stability of the supply chain ecosystem, promoting synergistic efficiency across the entire value chain.

4.2.2 Routine Assessment

When suppliers' relevant licenses are about to expire, China Lilang proactively reaches out to urge timely license renewals. The company also actively facilitates suppliers' acquisition of certifications in key areas such as environmental protection, occupational health, and social responsibility, while conducting irregular on-site inspections to ensure comprehensive and routine supplier management.



RESPONSIBLE RAW MATERIAL CERTIFICATION AND TRACEABILITY

Lilang is committed to building a sustainable supply chain by strengthening the implementation of sustainability standards in raw material procurement. The company is steadily increasing the proportion of certified materials to reduce environmental impact and enhance product transparency.

Furthermore, Lilang is collaborating closely with suppliers to establish traceability systems for key raw materials such as cotton, leather, and wool. By leveraging digital tools, the company ensures supply chain transparency and is progressively transitioning to low-carbon materials like recycled cotton and organic cotton.

Meanwhile, Lilang upholds its commitment to responsible sourcing practices, dedicated to building a highly transparent and traceable supply chain system that ensures core raw materials meet stringent sustainability standards. The company is implementing digital traceability technologies and establishing collaborative management mechanisms with suppliers, progressively enhancing raw material traceability to strengthen supply chain transparency and mitigate environmental and social risks.

4.3 SUPPLIER EMPOWERMENT

4.3.1 Active Communication

Lilang has consistently upheld responsible sourcing practices, dedicated to minimizing raw material environmental impact through supply chain management. The company actively collaborates with key suppliers to adopt sustainable certified materials that meet internationally recognized environmental standards. Meanwhile, China Lilang regularly hosts supplier conferences where representatives share production expertise and best practices. The company also establishes incentive mechanisms to recognize technical personnel who propose innovative and efficient solutions, thereby encouraging more technical talents to unleash creativity and drive industry advancement.

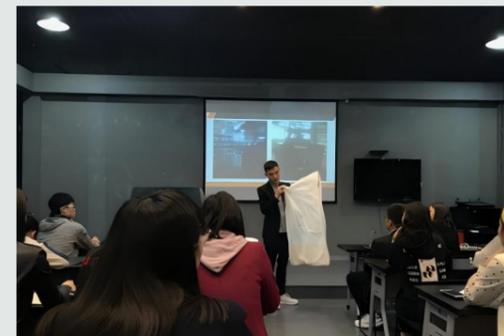
4.3.2 Professional Training

China Lilang is committed to building long-term partnerships with suppliers. We provide specialized training programs that enhance their expertise through regular sessions and rigorous evaluations. For upstream suppliers, we offer tailored professional development services, including quality inspection benchmarking and specialized staff training. Additionally, we conduct one to two annual training sessions and on-site guidance for processing plants, ensuring suppliers can swiftly adapt to market fluctuations and potential risks.

Supplier Empowerment Case

Supplier Training on Physical and Chemical Property Testing

This year, the group conducted phased professional training for laboratory technicians from fabric suppliers including Lutai Textile and Toray Jiu Yi Dyeing, focusing on corporate physical and chemical property testing.



Fabric Supplier Training on Visual Standards

This year, the Group conducted phased training sessions on corporate visual standards for quality representatives and quality control (QC) personnel from multiple suppliers, including Shandong Woyuan and Foshan Shunde Caihui.



Key performance

Supplier training will be conducted in 2025

2025

92times

2024

49times

4.3.3 Support for Development

While pursuing its own development, China Lilang has consistently upheld the win-win philosophy, actively supporting suppliers' growth to build a robust supply chain ecosystem. Leveraging its extensive industry resources and advanced technological capabilities, the group conducts in-depth analysis of suppliers' actual needs, proactively provides high-quality resources and support, and collaborates with suppliers to achieve mutual growth.

Collaboration in Raw Material Quality Assurance



The Group assists suppliers in resolving upstream raw material quality issues. For instance, if defects are found in dyes or materials, the Group actively communicates with suppliers and provides relevant information and resources.

Ensuring Stability of Order Materials



The Group provides support to suppliers in order preparation and material readiness to reduce their concerns about order stability. It also assists processing plants in addressing factors that may lead to operational instability.

Equipment-Assisted Production Upgrade

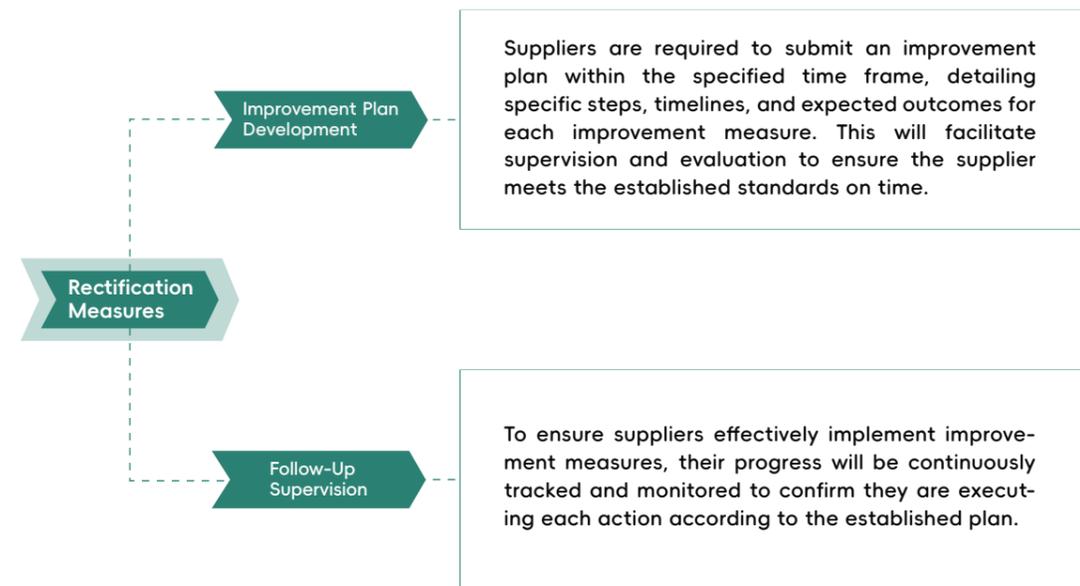


Equipment is provided to processing factories to support suppliers in enhancing their production capacity and technical capabilities. The operational status of suppliers is closely monitored, with necessary support and guidance offered as needed.

4.4 SUPPLIER ACCOUNTABILITY

4.4.1 Correction and Rectification

China Lilang is committed to building long-term partnerships with suppliers. We provide professional training programs that enhance their expertise through regular sessions and rigorous assessments. For upstream suppliers, we offer tailored development services including quality inspection benchmarking and specialized staff training. Additionally, we conduct one to two annual training sessions and on-site guidance for processing plants, ensuring suppliers can swiftly adapt to market fluctuations and potential risks. This comprehensive approach provides robust support for business growth.



4.4.2 Reporting and Supervision

To enhance supply chain transparency and compliance, China LILANG has established a supplier reporting channel, including publicly available email addresses and hotline numbers. This enables employees, customers, and other stakeholders to monitor and report supplier misconduct, allowing the group to promptly identify and address potential risks. By doing so, the company safeguards its interests and reputation while building a more responsible and sustainable supply chain.

05 CARE FOR PEOPLE AND SOCIETY

Chapter Response

United Nations Sustainable Development Goals (SDGs):



Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guidelines

- B1 Employment
- B2 Health and Safety
- B3 Development and Training
- B4 Labor Standards
- B8 Community Investment

China Lilang is committed to striking a balance between corporate growth and social responsibility. In our pursuit of excellence, we implement scientific talent management strategies, foster a diverse and inclusive work environment, safeguard employee rights, and provide abundant training and development opportunities. We encourage employees to challenge themselves and push beyond limits. Simultaneously, we actively fulfill our social responsibilities through charitable donations, volunteer activities, and rural revitalization initiatives, contributing to societal development with the warmth and positive energy of our enterprise.



5.1 STAFF

5.1.1 Labor Management

Lilang China values its employees as invaluable assets, implementing scientific talent management strategies to foster a diverse and inclusive workplace. The company prioritizes employee welfare, unleashes their potential, and inspires creativity. Committed to building an outstanding employer brand, Lilang China continuously optimizes talent acquisition, career development, and employee care, driving mutual growth between the organization and its workforce.

Employment

Lilang China strictly complies with national and local labor regulations, including the Labor Law, Labor Contract Law, Law on the Protection of Minors, and Provisions on the Prohibition of Child Labor. Adhering to the principles of fair, open, and impartial employment, the company has established clear recruitment and employment systems, rigorously implemented measures, and collaborates with employees to foster a fair, inclusive, and diverse workplace environment. Amid global economic fluctuations and industry transformations, Lilang has consistently maintained a long-term stable employment policy, with no major layoffs occurring in the past three years. During business restructuring and optimization, the company prioritizes talent reallocation, skill training, and job transition support to ensure employees have ample opportunities for growth.

Core business labor rights policy

Lilang has always been committed to safeguarding employees' fundamental labor rights, strictly adhering to internationally recognized labor standards such as the International Labor Organization (ILO) Core Conventions and the United Nations Global Compact (UNGC), ensuring all employees work in a fair, safe, and respectful environment.

The company's internal policies cover the following key labor rights areas:

Freedom of Association and Collective Bargaining Rights

Respect employees' freedom to organize or join trade unions and ensure employees can engage in collective bargaining through legal channels to protect their legitimate rights and interests.

Elimination of Forced or Compulsory Labor

Prohibit all forms of forced labor or debt bondage, ensuring all employment relationships are voluntary and fair.

Prohibition of Child Labor

Strictly enforce minimum age requirements for employment and guarantee that no child labor is involved in recruitment or supply chain management.

Elimination of Employment Discrimination

Foster a fair and equitable workplace, ensuring equal employment opportunities and career development for all employees regardless of gender, race, age, religion, or other factors.

Occupational Safety and Health Protection

Rigorously implement occupational health and safety standards to ensure all employees work in a safe and healthy environment, supported by regular safety training and oversight.

Through these measures, Lilang not only meets international labor standards but also actively enhances employee well-being and strengthens corporate social responsibility, achieving a win-win situation of sustainable development and employee rights protection.

Provide Equal Recruitment Opportunities

- Establish a comprehensive recruitment and employment system, adhering to the principles of open recruitment, fair competition, and merit-based selection, with standardized management of the hiring process.
- Prioritize candidates' professional competencies, personal attributes, and development potential and maintain a strict non-discrimination policy during the recruitment process, ensuring no bias based on age, gender, ethnicity, marital status, or family background.

Prohibition of Child Labor and Labor Rights Protection Policy

- Lilang upholds the principles of respecting human rights and safeguarding labor rights, strictly adhering to the International Labour Organization (ILO) Core Conventions and the labor standards outlined in the United Nations Global Compact (UNGC). The company explicitly prohibits the use of child labor in its internal policies and ensures the protection of minors' rights to education and healthy development.
- Lilang implements an employee age verification system to confirm all workers meet legal working age requirements and has established comprehensive labor review mechanisms across all operational regions to ensure compliance with national and international labor regulations. The company has also developed a robust monitoring and reporting system, including anonymous reporting channels, and pledges to promptly investigate and address any suspected child labor violations with strict corrective actions. Additionally, Lilang requires all suppliers to adhere to the same labor standards, safeguarding labor rights throughout the entire supply chain.
- Lilang firmly supports and complies with the ILO Core Conventions and UNGC standards on labor rights. The company explicitly prohibits all forms of forced labor in its internal policies, including but not limited to debt bondage, forced contract labor, involuntary labor, and work that restricts personal freedom. A full-scale labor compliance framework ensures the principle of voluntary employment is strictly enforced across global operations and supply chains, guaranteeing that labor contracts are signed willingly and rights are protected. The company provides independent grievance and reporting channels for employees to ensure immediate investigation of forced labor allegations. Furthermore, Lilang's supply chain management policies mandate all suppliers to comply with a zero-tolerance stance on forced labor, with regular compliance audits conducted to uphold these standards.

Oppose Discrimination and Harassment

- Strictly prohibit any form of discrimination based on gender, race, nationality, religion, skin color, age, disability, or marital status.
- Explicitly prohibit any form of workplace sexual harassment, whether it occurs in the workplace or in work-related settings.

Building a Diverse and Inclusive Workplace

- Lilang is committed to fostering a fair, diverse, and inclusive workplace where all employees can work in a respectful and equitable atmosphere and access equal development opportunities. The company has established and implemented an Anti-Discrimination and Diversity & Inclusion Policy, covering recruitment, compensation, training, promotions, and other areas, to eliminate all forms of discrimination based on gender, age, race, ethnicity, disability, religion, sexual orientation, or other identity characteristics.
- Lilang ensures that all job opportunities are open to qualified candidates and maintains merit-based promotion mechanisms tied to skills and performance. The company prioritizes gender equality, actively increasing the representation of women in managerial and technical roles. Additionally, Lilang has implemented employee grievance and reporting mechanisms to promptly address and resolve incidents of discrimination or misconduct.
- Aligned with the International Labour Organization (ILO) Core Conventions and the United Nations Global Compact (UNGC), Lilang integrates inclusive cultural practices into management strategies, delivers diversity awareness training, and strengthens team collaboration through equality and diversity initiatives. These efforts create a safe, respectful, and equitable work environment, driving the company's sustainable growth and contribution to broader societal value.

Freedom of Association and Collective Bargaining Mechanism

- Lilang respects and supports all employees' rights to freedom of association and commits to adhering to the core conventions of the International Labour Organization (ILO) and the United Nations Global Compact (UNGC) labor standards. This ensures that employees can freely participate in trade unions or other labor organizations and safeguard their rights through collective bargaining, all within legal and regulatory frameworks.
- The company has established internal policies that explicitly prohibit discrimination, threats, or retaliation against employees involved in union activities or collective bargaining. It also encourages open and transparent communication mechanisms, enabling employees to express their concerns in a fair and accessibility environment and reach consensus through dialogue.

Compensation Incentive

Fair and equitable compensation serves as the cornerstone for motivating employees. China LILANG prioritizes both monetary and non-monetary benefits (including statutory pension and retirement plans) for all staff, covering full-time and contract employees. Female employees are entitled to 98 days of maternity leave under the law, while male employees receive 3 days of paternity leave. The company encourages employees to leverage their strengths to realize personal value, offering competitive compensation packages based on their contributions. Currently, all permanent employees are included in a performance-based compensation structure that incorporates bonuses and other incentives.

Remuneration and Compensation

- Based on the nature of the positions, the Group classifies employee compensation into three systems: responsibility-based salary, position-based performance salary, and commission-based salary. The responsibility-based salary system consists of basic salary, position salary, and responsibility salary. The position-based performance salary system includes basic salary, position salary, and performance salary. The commission-based salary system is made up of basic salary, position salary, and business commission.
- The Group ensures punctual payment of employee salaries and social insurance contributions on behalf of employees in accordance with local regulations. We regularly review internal salary levels across all employee tiers and gather data on industry labor market compensation trends. Based on factors such as an employee's position, job performance, and technical skills, we make reasonable adjustments to salary and benefits.
- When conducting employee performance evaluations, specific measures are implemented based on the performance evaluation methods of each department and position.

Employees' Shareholdings

- To effectively motivate managers and employees, strengthen the cohesion of the core team, and enhance the its core competitiveness, the Group has implemented an employee stock ownership plan. This plan covers nearly 300 employees, accounting for over 20% of the workforce.

Performance Pay System

Lilang is committed to building a performance-driven compensation system that ensures employees' efforts and contributions are fairly and justly rewarded. The company has established a systematic performance incentive mechanism covering all full-time employees to enhance overall organizational efficiency and stimulate employee motivation and creativity.

All employees are eligible for performance-based bonuses, performance commissions, and other incentive programs. The company's performance evaluation system is designed around specific business objectives and individual performance metrics, covering key indicators such as revenue growth, operational efficiency, and customer satisfaction, ensuring alignment between employee goals and the organization's long-term objectives. Additionally, non-managerial staff in sales, production, and logistics roles receive performance-based incentives to enhance overall operational efficiency.

Going forward, Lilang will continue refining its performance evaluation system, implement data-driven compensation management, and ensure fairness and transparency in performance-based rewards. By strengthening the alignment between compensation and employee career development, the company aims to attract, motivate, and retain top talent, thereby driving sustainable growth.

Employee Benefits

China Lilang is committed to providing employees with warm and considerate benefits and creating an excellent work environment. The group fully respects and complies with relevant laws and regulations, formulates a corresponding welfare system, and further expands it appropriately to offer employees comprehensive and diversified benefits.

Health and Wellness

- Preventative health programs, encompassing annual medical examinations and standard health insurance, are offered. At the same time, a charitable foundation and a union medical mutual aid program are established to provide support and care for employees facing major illnesses.
- For mental health, our employees can schedule face-to-face consultations with the human resources department when they encounter issues or need psychological support. The human resources department will provide personalized guidance and psychological support services based on the specific needs of employees.

Caring for Families

- The Group provides donations to support education, ensuring that children of migrant employees have access to local educational resources, from kindergarten to high school. This initiative addresses the issue of left-behind children, benefiting around 80 employees' children each year.
- The Group provides interest-free loans to full-time employees for purchasing homes, reducing the financial burden of high housing prices and helping employees settle more comfortably into urban life.
- The Company provides a range of benefits, including housing subsidies, wedding allowances, and travel subsidies for returning home or to the workplace.

Leisure and Entertainment

- Various cultural and entertainment activities, such as employee birthday parties, holiday celebrations, and weather-related care events, are organized to enrich employees' leisure time. At the same time, birthday gifts, heat-relief items, and traditional holiday gifts are given to employees to celebrate special moments together.
- The Wuli Plant regularly hosts tug-of-war competitions, karaoke contests, and annual meetings. Facilities are provided for square dancing, fitness, badminton, board games, and reading rooms.

Digital Workplace

- LILANZ has actively embraced digital transformation, leveraging online collaboration tools and intelligent workflow platforms to enhance employee productivity. By deploying integrated ERP systems for real-time inventory synchronization and adopting AI-driven tax management platforms to streamline financial processes, the company has achieved a 20% efficiency improvement in production through CAD software like Gerber AccuMark® and automated nesting solutions.

Exceptional Environment

- The Group headquarters has established the Lilang Creative Park, offering employees a leisure environment with facilities such as a gym, swimming pool, billiards, table tennis, and hot spring spa areas. Free fitness classes, such as yoga, swimming lessons, and table tennis, are also regularly organized.
- Employee dormitories are thoughtfully designed, offering hotel-style apartment accommodations with facilities such as a swimming pool and hot springs, ensuring a comfortable living environment for employees.

Care for Women

- Annual women's health seminars are held to raise awareness and understanding of health among female employees. A series of activities is actively organized for International Women's Day, and exquisite gifts are given to female employees.
- To demonstrate care for female employees, the Company has implemented a policy granting one day of paid menstrual leave per month, ensuring they have sufficient time for rest and recuperation during their special period.
- The Group places great importance on the well-being of female employees during special periods such as pregnancy and breastfeeding, providing a series of care and support measures.

Care For Women's Health

In 2025, China LILANG further deepened its governance practice of "Comprehensive Women's Care." To solemnly celebrate International Women's Day, the group invited a team of senior physicians from Jinjiang Traditional Chinese Medicine Hospital to conduct multiple health-themed lectures for female employees within the campus. On-site activities included free expert consultations, traditional Chinese herbal cuisine tasting, and health lifestyle guidance, aiming to comprehensively safeguard the physical and mental well-being of female employees through prevention and healthcare. Concurrently, the group actively organized a series of care activities under the theme "Equal Future · Co-Creating Her Era," showcasing deep respect for women's empowerment and support for career development through the distribution of festive gifts and cultural interactions. The following image depicts the scene of the "Equal Future · Co-Creating Her Era" 38th Women's Care Activity, jointly organized by the Human Resources Center and the Trade Union Committee of LILANG (China) Co., Ltd.



The following image depicts the 'Seeking Wisdom Through Phenomena and Harmonious Coexistence' 2025 CACA Breast Tumor Surgical Nursing Committee's Global Science Popularization Campaign for the 2025 National Science Popularization Month Activities.



Employee Representative and Consultation Mechanism

Lilang upholds the principles of fair and transparent labor relations, safeguards employees' collective bargaining rights, establishes a multi-tiered communication framework, and actively engages employees in corporate decision-making processes.

Currently, 50% of Lilang's employees are covered by labor unions or collective bargaining agreements, ensuring equal negotiation rights in compensation, benefits, career development, and work environment. The company strictly adheres to international labor standards by establishing employee representative councils, grievance mechanisms, and regular dialogue systems to ensure policies align with employee needs and industry norms. Additionally, Lilang has implemented specialized labor rights policies, clearly defining collective bargaining procedures, grievance channels, and salary adjustment mechanisms to safeguard corporate fairness and sustainable development. Moving forward, Lilang will continue optimizing its labor union structure, expanding union and collective bargaining coverage, and deepening external collaboration to create a more equitable, inclusive, and sustainable work environment.

Democracy and Communication

China Lilang strictly adheres to the provisions of the Trade Union Law of the People's Republic of China, establishing a democratic management system with workers' congresses as its core framework to safeguard employees' rights to information, participation, expression, and supervision. Our standardized collective bargaining mechanism, led by the Trade Union Committee, ensures the proper protection of employee interests. Over the past three years, through effective communication channels and mutual trust, the company has maintained a stable management system without any strikes or management-induced work stoppages, demonstrating robust employee relations management capabilities.

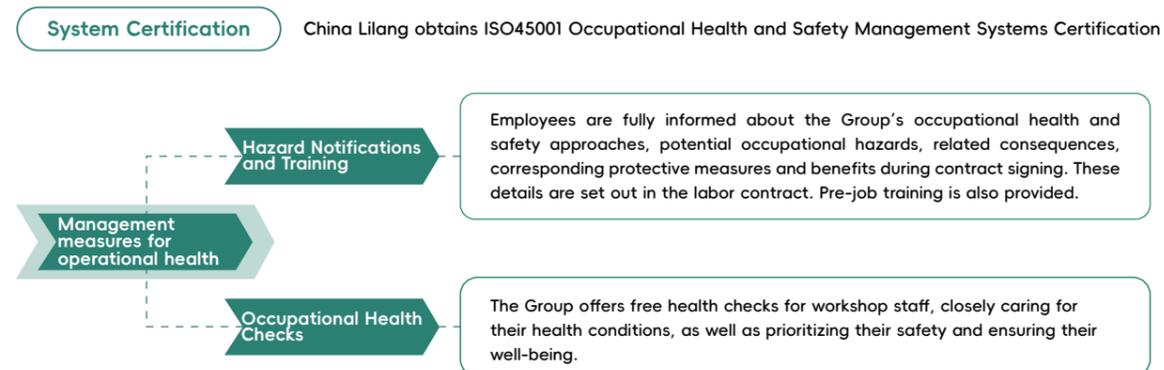
To further strengthen democratic management and actively listen to frontline voices, the Group plans to initiate collective bargaining with trade unions and employee representatives within the next year, building a two-way communication bridge. We believe that through sincere dialogue, we can not only promptly address employee concerns but also continuously improve work-life environments, fostering a more warm and harmonious corporate culture. This will enable every employee to feel a sense of belonging and respect, collectively shaping the company's prosperous future.

5.1.2 Health and Safety

Lilang Group fully recognizes that employee health and safety are not only crucial to individual well-being but also profoundly impact corporate stability and sustainability. The group safeguards employee health through core measures in occupational health management and safety production management, thereby providing a solid foundation for its sustainable development.

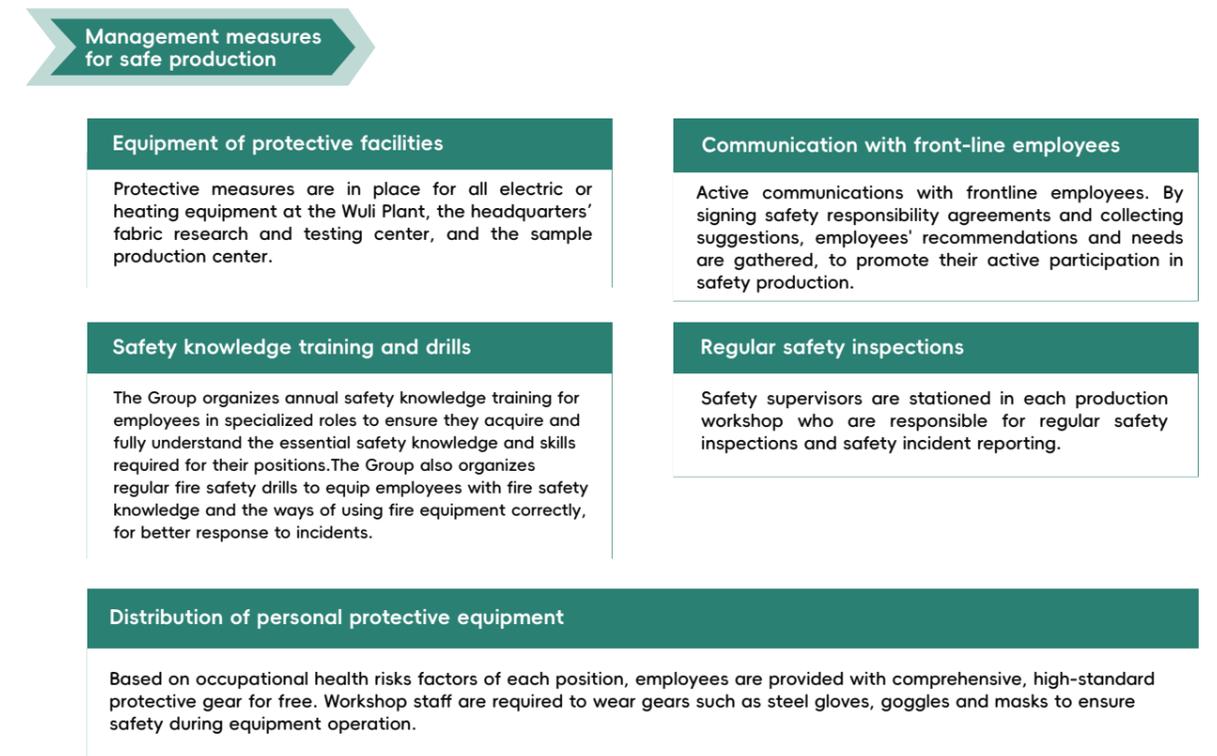
Occupational Health Management

China Lilang strictly complies with the "Occupational Disease Prevention and Control Law of the People's Republic of China" and relevant regulations, establishing a comprehensive occupational health management system and implementing an occupational health and safety management system. The company appoints a Vice President to concurrently serve as the Group's Environmental Manager Representative and Occupational Health and Safety Manager Representative, granting them full authority to establish and manage the safety and environmental system. Regular meetings are convened with heads of relevant departments to review the system's operational status, ensuring continuous improvement and optimization.



Safety Production Management

China Lilang is committed to creating a safe and healthy workplace for its employees. The group provides professional protective equipment, conducts regular safety audits, enhances frontline communication, strengthens safety education and emergency drills, and ensures comprehensive safety production support throughout the entire process.

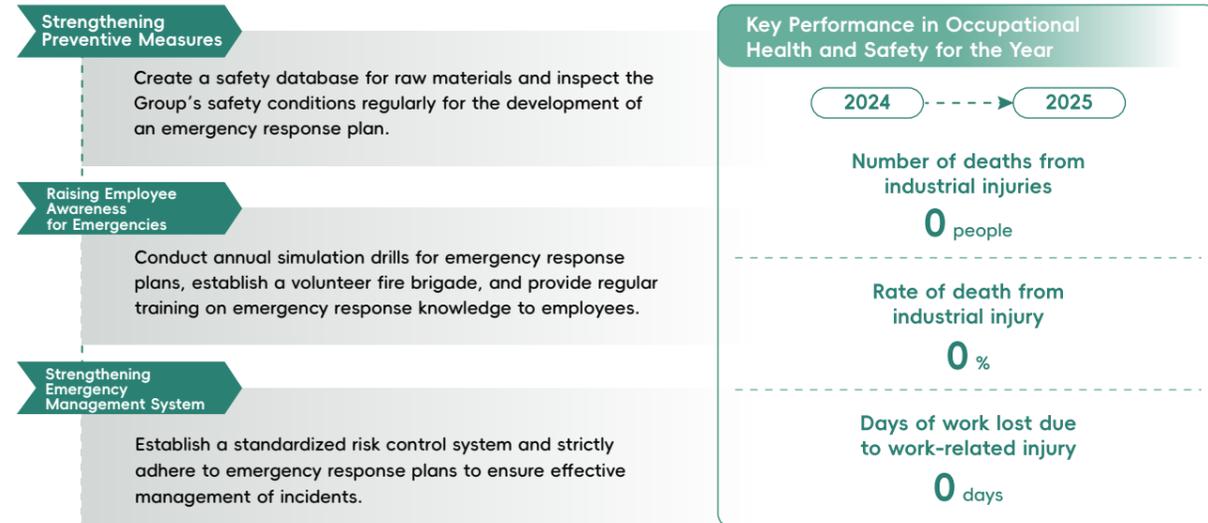


Following its sustained investment in occupational health and safety management systems in previous years, China LILANG further enhanced employees' emergency response capabilities and self-rescue and mutual aid skills in the 2025 fiscal year. During the reporting period, the Group Headquarters successfully organized the "September 17th Special Training on On-Site Management of Accidental Injuries." This training featured lectures delivered by senior experts from professional rescue organizations, with course content precisely focusing on practical needs. Key demonstrations included various taping techniques such as the circular bandage method and reverse folding bandage method, as well as triangular bandage techniques covering critical areas including the head, shoulders, chest, and limbs. Through hands-on exercises simulating real injury scenarios, LILANG (China) Co., Ltd. aimed to comprehensively improve employees' calm response capabilities and technical precision in emergency situations. This initiative embodies the company's commitment to "learning first aid skills and building a life defense line," laying a more solid foundation for occupational health protection to support the Group's sustainable operations and harmonious humanistic environment.



Emergency management of production

China Lilang prioritizes the development of its production emergency management system. The company has established the 'Risk and Opportunity Response Management Procedures,' strengthened preventive measures, and heightened emergency preparedness. These efforts aim to build a comprehensive and standardized emergency management framework, ensuring the group's safe production.



5.1.3 Training and Development

China Lilang provides comprehensive support for employee growth. The group has refined its employee development policies, enhanced training and career advancement programs, and standardized career progression pathways. Through systematic training and practical experience, it helps employees continuously improve their skills and professional competencies, aiming to build a highly skilled and specialized talent team.

Employee Training

China Lilang's training system comprises two core modules: general training and specialized training, complemented by interest-based training programs. A professional training team is dedicated to designing training projects and managing their implementation. This approach has cultivated a skilled talent pool for the group, supporting the smooth achievement of its business and strategic objectives.



Building on the solid achievements in school-enterprise collaboration from previous years, China LILANG has further deepened strategic partnerships with top-tier domestic textile and apparel universities in 2025. Through regular campus recruitment events, the company strategically recruits high-caliber talents with innovative potential, aiming to continuously enhance the group's brand design aesthetics and craft R&D capabilities from the source. To ensure continuity in talent supply chains, the group annually selects outstanding management trainees (MTs) from universities and technical colleges, strictly adhering to principles of equality and fairness to guarantee every new employee receives equal career development and promotion opportunities in suitable positions. Meanwhile, the group has established a mature management trainee incubation system. By forming dedicated incubation teams and assigning experienced full-time career counselors to each graduate, it implements a "comprehensive, immersive" training program covering technology, management, and corporate culture. This initiative helps fresh graduates quickly adapt to professional roles, building up the group's core management and technical capabilities.

After optimizing its internal R&D environment, the group has been continuously enhancing the professional skill reserves of its research teams. The figure below illustrates the specialized internal technical seminars and training sessions conducted by the Group's Fabric Research Institute during the reporting period. Through physical sample analysis and cross-departmental technical exchanges, these initiatives have further solidified LILANG's professional competitive edge in fabric R&D.



Key performance indicator of supplier management for the year

	2025	2024
Total employee training time	53,436 hours per person	64,256 hours per person
Average training hours by employment type		
Senior Management	63 hours per person	64 hours per person
Middle management	11 hours per person	31 hours per person
Regular employee	20 hours per person	12 hours per person
Average training hours by gender		
Male	37 hours per person	11 hours per person
Female	34 hours per person	14 hours per person

Career Development

Lilang Group prioritizes employee career development by establishing comprehensive and diversified growth pathways and training systems. This approach not only facilitates the deep integration of individual career growth with the group's strategic objectives, empowering employees to realize their self-worth, but also provides a continuous driving force for the group's long-term development.

Career Development Path

To continuously optimize talent structure and enhance team efficiency, China Lilang has established a scientific and rational promotion management system. This system enables employees to freely explore growth paths—whether in professional specialization or managerial expansion—based on their actual capabilities and long-term career aspirations. Whether pursuing technical mastery or comprehensive leadership experience, we provide customized training programs and broad development platforms to maximize talent potential and jointly advance organizational goals.

Promotion channels



CAREER DEVELOPMENT SUPPORT

Case

Building on the solid foundation of talent development mechanisms established in the previous year, China LILANG has further deepened its "talent-driven enterprise" strategic orientation for the 2025 fiscal year. The Group strongly supports employees' participation in diversified professional education and training programs during their careers, while actively encouraging staff to pursue higher-level technical certifications and academic advancement. Through cross-disciplinary knowledge empowerment, this initiative aims to fully unleash individual potential and significantly enhance workplace competitiveness. We firmly believe that each employee's career growth and continuous knowledge renewal not only serve as the core pathway for personal value realization, but also act as a key driving force for the Group's technological innovation and management progress.



The image below depicts Lilang's active engagement with cutting-edge technology during the reporting period, including full sponsorship and participation of core design teams in the "China · Strait AIGC Industrial Design Control Generation Practical Workshop." By mastering advanced generative AI technologies, the group aims to empower its R&D team to achieve dual breakthroughs in design efficiency and aesthetic expression, driving the digital transformation of the men's apparel industry with innovative productivity.

Dual-track support program for academic qualifications and certification

Lilang is committed to building a systematic education support program to enhance employees' skills and career development. The company provides financial support for degree programs and professional certifications to all eligible employees, including tuition reimbursement, training subsidies, and certification fee coverage. Going forward, Lilang will continue to refine its education support system, expand its coverage, and explore collaborations with domestic and international universities and training institutions. This initiative aims to offer employees more high-quality learning opportunities and promote the synergistic development of both the company and its employees.

5.2 SOCIAL CONTRIBUTION

5.2.1 Building a Beautiful Community Together

Charity and Public Welfare

Li Lang Group has consistently upheld the principle of "giving back to society" by establishing the Li Lang Charity Foundation, continuously demonstrating its commitment to social responsibility and philanthropic efforts. Through charitable donations and public welfare initiatives, the group advances social causes in multiple fields including healthcare, poverty alleviation, education, disaster relief, and cultural preservation. With concrete actions, it actively contributes to social welfare and collaborates in building a "beautiful home" for all.

Building on last year's sustained commitment, Lilang Group and Lilang Charity Foundation have donated a total of 45.6379 million yuan this year. The allocation includes 37.4254 million yuan for education, 5.1407 million yuan for healthcare, 0 yuan for cultural preservation, and 3.0719 million yuan for other causes. These philanthropic efforts further underscore our steadfast commitment to shared prosperity with society.

Deepening Education and Medical Donation, Practicing Corporate Citizenship Responsibility

This year, China LILANG has continued to prioritize education and healthcare as key areas of social contribution, making several substantial donations that reflect the group's long-term commitment to improving people's livelihoods and supporting local development. The main donation projects include:

- Supporting Youth Art Education: A donation of 37.4254 million yuan was made to relevant foundations to support youth art education programs, including the ongoing 'Youth Aesthetic Education Public Welfare Program,' which aims to provide high-quality art education resources for children in underdeveloped regions
- Enhancing basic education infrastructure: A 15 million yuan donation was made to establish the "Lilang Education Development Special Fund", with an annual commitment of 1 million yuan to Jinjiang No.2 Experimental Primary School. Additionally, 1.27 million yuan was allocated to upgrade teaching facilities at the school, and 600,000 yuan to improve the teaching environment at Jinjiang Experimental Middle School.
- Supporting the Development of Healthcare: Donating ophthalmic surgical equipment worth 1.5 million yuan to Jinjiang City Hospital (Fujian Branch of Shanghai Sixth People's Hospital) to enhance local medical technical standards; and donating 1.34 million yuan to Jinjiang Community Xiaoceng Charity Foundation for the pension and medical insurance of land-expropriated residents, directly benefiting community livelihoods.
- In response to the 'Great Teacher' Public Welfare Fund, the group has pledged 20 million yuan through the Jinjiang Charity Federation this year, building on last year's commitment to further advance high-quality development in local education and healthcare.



These donations go beyond financial support, embodying Lilang's commitment as a responsible corporate citizen to actively participate in community development and grow alongside society.

Key performance of social investment in this year

Donations by LILANZ Group and LILANZ Charity Foundation

2025	45.63 million yuan
2024	26.09 million yuan

Donations by Sector

	Education	Medical	Culture	Other
2025	37.42 million yuan	5.14 million yuan	0 million yuan	3.07 million yuan
2024	16.07 million yuan	7.70 million yuan	0.18 million yuan	3.01 million yuan

The Youth Aesthetic Education Program Enters the Stage of Scale

Launched in 2022, the "Lilang Youth Aesthetic Education Program" has expanded its reach this year. Jointly initiated by Lilang and the Shanghai Zhenai Dream Foundation, the program delivers high-quality art education to children in China's less-developed regions through a multi-faceted approach, including "Dream Center" spaces, art courses, aesthetic education kits, and teacher empowerment.

This year, the program has been further expanded, not only building and upgrading new "Dream Center" classrooms in Zhengzhou's Xinmi City, Henan Province, but also innovatively extending aesthetic education to Lilang's offline stores through the "Clothing Journey" study tour. Children engage with fabrics, observe designs, and interact with designers, gaining firsthand experience of the entire creative process from inspiration to finished garments. This initiative bridges aesthetic education with daily life and industry. By the end of 2025, the "Youth Aesthetic Education Program" had reached 25 provinces, municipalities, and autonomous regions across China, establishing 25 Dream Centers that have benefited over 46,000 children. The program has also successfully conducted multiple teacher training sessions, planting seeds for sustainable rural aesthetic education development.



Volunteer Service

In 2025, China Lilang further strengthened its corporate social responsibility (CSR) implementation mechanism. We continuously promote and organize employees to actively engage in diverse public welfare practices, covering areas such as voluntary blood donation, remote area teaching support, targeted assistance for vulnerable groups, and community environmental protection. The group has established a regular volunteer management and incentive system to encourage team members to transform public welfare concepts into concrete social contributions. This initiative aims to actively address societal concerns, jointly participate in and solve various social issues, and build a harmonious humanistic environment characterized by mutual assistance, friendship, and inclusiveness.

Caring for the Elderly: The Group significantly enhanced its elderly care initiatives in 2025. In January 2025, China Lilang made a targeted donation of RMB 300,000 to the Xintang Street Community Elderly Association in Jinjiang City, specifically for Spring Festival visits. Later in October, the Group donated another RMB 420,000 to the association, aiming to provide essential living support and holiday care for local seniors during the Double Ninth Festival, demonstrating its corporate responsibility to honor and assist the elderly.

Supporting Impoverished Veterans: In May 2025, China LILANG donated 500,000 RMB to Jinjiang Charity Federation's Chongjun Charity Fund, a dedicated initiative to assist financially struggling veterans. The donation provides comprehensive support including medical care, housing, and daily necessities, effectively alleviating their living hardships while demonstrating the group's social responsibility in supporting military personnel and the people.

Community Interaction

Diversified celebrity offline activities enhance brand-community interaction

This year, Lilang successfully hosted over 12 celebrity-themed regional events nationwide, seamlessly blending brand influence with urban culture to foster two-way engagement with consumers. The brand invited renowned artists including Wu Kequn, Hu Xia, Wang Chongliang, Zhang Yuan, Wang Heye, and Bai Jugang to participate in brand meet-and-greets and live music events at core commercial districts and outlet malls in cities such as Nanchang, Zhengzhou, Shenzhen, and Nanjing.

These initiatives have evolved beyond traditional brand showcases to forge profound emotional bonds with fans and consumers. Through intimate interactions and value-sharing, we authentically communicate the brand philosophy of "simplicity without simplicity" to the public. This series of practices has not only significantly boosted brand penetration and loyalty in regional markets, but also infused local communities with vitality and cultural belonging. It vividly demonstrates LILAN's corporate culture as a brand with warmth and sentiment, actively giving back to society and thriving alongside communities.



Key Performance of Public Welfare Investment Duration This Year

Duration of public investment

4548 hours

Time spent on public welfare by field

Education	Medical	Culture	Other
33 hours	543 hours	3956 hours	16 hours

5.2.2 Promoting Rural Revitalization

In 2025, China Lilang will further align corporate resources with the practical needs of rural revitalization. We will continue investing in rural infrastructure development, improving villagers' quality of life through enhanced road and street conditions. Simultaneously, the group will prioritize rural education by providing better learning environments and digital-intelligent educational resources for children in remote areas. Through educational equity, we aim to promote shared prosperity and contribute sustainable efforts to the long-term balanced development of society.

Following its steady progress in educational philanthropy during 2024, Lilang Group has strategically shifted its social contribution focus in 2025 to empowering rural quality education through the "Youth Aesthetic Education Program", moving beyond traditional infrastructure investments. We firmly believe that providing high-quality aesthetic and cultural education for rural children is the fundamental approach to breaking the intergenerational cycle of poverty and stimulating sustainable rural vitality. During the reporting period, the group continued building and upgrading multimedia classrooms at "Dream Centers" in rural schools across Henan, Guizhou, Gansu, and other regions. It also delivered comprehensive "Aesthetic Education Kits" course packages and conducted systematic training for over 132 rural teachers. These initiatives aim to holistically enhance rural students' comprehensive qualities, aesthetic perception, and creative thinking, sowing seeds of creativity for their future career development and personal growth, thereby infusing lasting cultural vitality into rural revitalization.

5.2.3 Promoting Industry Development

Guided by the philosophy of open collaboration and mutual success, China Lilang actively engages in extensive exchanges and deep cooperation with upstream and downstream enterprises, industry associations, and professional institutions across the industrial chain. Through these partnerships, the company proactively shares its technologies, expertise, and resources to facilitate efficient integration of industrial elements and co-creation of value, thereby enhancing the overall operational efficiency and development quality of the industry.

Spearheads the development of industry standards to guide the standardized growth of functional apparel

Guided by the principles of open collaboration and mutual benefit, the company is committed to building a healthy and sustainable industry ecosystem. In 2025, leveraging its deep technical expertise in functional apparel and its leadership as a core player in the supply chain, the company partnered with the China Garment Association, Fujian Fiber Inspection Center, and multiple industry brands to lead the drafting and release of two group standards: "Water-Repellent Downwear" (T/CNGA 86-2025) and "Testing and Evaluation of Wet-Cold Resistance in Downwear" (T/CNGA 87-2025).

The standard was officially implemented on November 19, 2025, filling the domestic gap in standards for evaluating water-repellent down and anti-wet cold performance for the first time, and establishing a unified industry technical specification. This move not only promotes the transformation of corporate technological achievements into public assets for the industry, but also effectively regulates market order and enhances the overall professional level of the industry, leading the high-quality development of China's down garment industry with standards.



06 RESPONSIBLE BUSINESS PRACTICES

Chapter Response

United Nations Sustainable Development Goals (SDGs):



Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guidelines

B7 ANTI-CORRUPTION

Guided by the principle of prioritizing responsibility, China Lilang advances responsible business practices through steadfast commitment and concrete actions. We uphold business ethics and regulatory compliance, building a solid reputation foundation that earns lasting customer trust. By maintaining rigorous data security standards and implementing stringent protective measures, we ensure the safety of user information. Compliant with tax regulations and proactively fulfilling financial obligations, we contribute to local economic development.



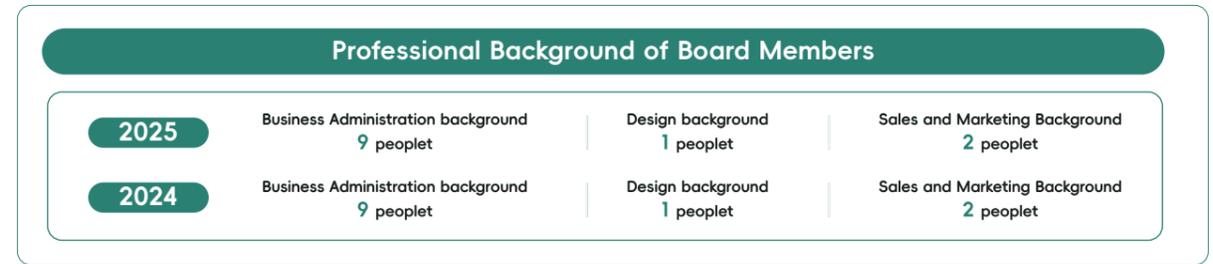
6.1 CORPORATE GOVERNANCE

6.1.1 Governance Structure

Following solid progress in optimizing governance structures in 2024, China LILANG further deepened its sustainable development governance system in 2025. The Group places high importance on aligning sustainability goals with management incentives, with annual compensation policies for senior executives now formally linked to environmental, social, and governance (ESG) performance metrics. This approach aims to guide management in implementing long-term value creation. We consistently adhere to corporate governance principles emphasizing transparency, accountability, and business integrity, striving to build a scientific and efficient modern governance framework. The Group's Board of Directors currently consists of 12 members with diverse professional backgrounds, supported by specialized committees including the Audit Committee, Compensation Committee, Nomination Committee, Risk Management Committee, and ESG Management Committee. These committees have clearly defined responsibilities and accountability mechanisms to ensure fair and objective board decision-making. To enhance the democratization and transparency of compensation management, the Group implements a regular compensation voting mechanism, granting shareholders the right to vote on compensation policies, actual payment amounts, or reports from the Compensation Committee. The Board holds regular formal meetings to thoroughly discuss major development matters such as the Group's medium-and long-term strategic direction, ESG key objectives, and financial performance. Additionally, a comprehensive self-assessment and contribution evaluation process has been established to safeguard the Group's sustainable growth and long-term governance. Furthermore, the company has appointed multiple independent non-executive directors with industry authority and holds regular annual general meetings to effectively safeguard the legitimate rights and participation rights of minority shareholders.



The Board of Directors of China LILANG implements a policy of member diversity, requiring comprehensive consideration of factors such as gender, age, cultural and educational backgrounds, ethnicity, skills, knowledge, professional experience, and tenure during the nomination process. This ensures a balanced composition of the Board in terms of skills, experience, and diversity, meeting the needs of the Group's operations. Board members possess extensive professional backgrounds spanning business administration, design, engineering, sales, and marketing, providing comprehensive professional guidance for the Group's strategic planning and decision-making.



6.1.2 Risk Management

Adhering to a prudent management philosophy, China LILANG has established a comprehensive risk management and internal control system to precisely prevent and effectively address various risks, ensuring the group's sustainable development. The system undergoes rigorous annual review and evaluation, with regular engagement of national accounting firms to conduct high-level risk testing and gap analysis across all operational processes. This enables the assessment of high-level risks and corresponding controls, ensuring their suitability and effectiveness. The system focuses on detecting latent threats, employs scientific methods to determine risk levels, and implements customized preventive measures and emergency response strategies. These efforts aim to minimize the negative impact of unpredictable factors on operations, thereby maintaining the group's long-term stability and progress.

To better manage the group's development risks, the LILANG Board of Directors includes several non-executive directors who are industry experts in risk management. Among them, Mr.Lai Shixian serves as Co-CEO of Anta Sports, while Mr.Zhang Shengman previously held positions as Chairman of Citigroup Asia Pacific and China Country Representative at the World Bank, with over 30 years of experience in corporate, risk management, and financial matters. Professor Liao Jianwen formerly served as Chief Strategy Officer at JD.com Group. All these individuals bring practical experience in risk management to their management roles.

Risk management procedures



6.1.3 Tax Compliance

China Lilang strictly complies with national laws and regulations, actively fulfilling its tax obligations by submitting declarations and paying taxes on time. We utilize an information platform to efficiently manage and archive tax documents, combining this with regular tax strategies to enhance tax management efficiency. At year-end, we engage KPMG for financial audits to ensure data authenticity and accuracy, with the audit results reported to the Vice Chairman and Vice President.

6.2 BUSINESS ETHICS

6.2.1 Anti-Corruption Management

In 2025, China LILANG strictly adhered to core laws and regulations including the Supervision Law of the People's Republic of China and the Anti-Unfair Competition Law. The company consistently upheld high standards of business ethics, firmly opposing and eliminating all forms of corruption, bribery, extortion, fraud, monopolistic practices, money laundering, and unfair competition. The Group established a Compliance Committee directly led by the Board of Directors to oversee the implementation of business ethics standards and anti-corruption efforts. The internal ethical governance system, coordinated by the Board and providing authoritative interpretations, was personally overseen by the Vice Chairman to ensure regular reviews and robust enforcement of anti-corruption policies. During the 2025 reporting period, the Group maintained a zero-case record in corruption-related lawsuits and zero employee complaints involving suspected misconduct, achieving a 100% case closure rate.

In 2025, China LILANG further optimized and implemented a more comprehensive, formalized, and thorough "Internal Control Policy on Anti-Bribery, Anti-Corruption, Anti-Graft, and Anti-Money Laundering" in accordance with relevant national laws and regulations. The policy covers all operational mechanisms, extending not only to all employees and management within the group but also to all partners, ensuring strict adherence to unified compliance standards across every level of the value chain and supply chain. The group's anti-corruption policy contains detailed provisions, including specific implementation guidelines and operational standards, which have been publicly disclosed through the group's official website and employee manuals for all stakeholders and employees to review and monitor at any time.

Throughout 2025, the Group maintained its independent internal audit function, conducting monthly in-depth audits in anti-corruption and business ethics to ensure compliance policies deliver expected outcomes. Audit findings and improvement recommendations were regularly submitted to the Board for review. This oversight mechanism established dynamic monitoring of all high-risk functional departments and key suppliers, ensuring round-the-clock coverage of sensitive business processes. The Group's Office for Combating Commercial Bribery operated efficiently, providing timely updates on governance progress at quarterly anti-bribery meetings to continuously refine the risk prevention framework. In 2025, we will further strengthen collaboration with partners to uphold a clean business ecosystem, committed to eliminating any potential bribery, extortion, fraud, or money laundering at the source within procurement processes. All legal contracts now include stringent anti-corruption clauses, explicitly prohibiting any form of commercial bribery against our staff. Dedicated reporting hotlines and email addresses have been established for all parties to submit complaints and oversight. During this reporting period, the Group has neither been involved in any concluded corruption-related lawsuits nor received any reports of employee misconduct involving bribery or fraud.

Internal Management

- All formal employees are required to sign an Anti-Bribery and Anti-Corruption Commitment Letter.
- The ethical conduct of key personnel is strictly supervised, with their actions accurately recorded and filed.
- Senior executives and department heads are required to address their adherence to integrity standards and report on anti-bribery and anti-corruption initiatives within their departments as part of their annual performance reviews.

External Management

- Suppliers are required to adhere to principles of integrity and self-discipline, fostering a fair and transparent business atmosphere together.
- Anti-corruption clauses are incorporated into relevant contracts during the commence of businesses, prohibiting the other party from offering any form of bribery to our personnel.

6.2.2 Reporting Management

China LILANG maintains a "zero-tolerance" policy against corruption. The company has established a "Reporting System and Procedures" to encourage employees and external personnel to report any unethical or non-compliant conduct. Reports can be submitted to the Audit Committee via phone or email, and verified cases will be strictly addressed. The Audit Committee will initiate an investigation within one week of receiving a report, led by the Group's Vice Chairman and involving the Legal Department and Internal Audit Department.

Furthermore, to safeguard whistleblowers' rights, the group has implemented a rigorous whistleblower protection system that ensures the confidentiality of their identities and protects them from retaliation. The system's details have been published, covering reporting channels, identity protection measures, and a clear explanation of the reporting process, ensuring employees have a transparent understanding of the procedures.

6.2.3 Promotion and Implementation of Integrity

China LILANG is committed to advancing integrity culture and enhancing ethical awareness among all employees and suppliers. The group conducts annual anti-corruption and compliance training for all staff, including full-time and part-time employees. Upon hiring, all employees receive training on ethical standards and are briefed in their onboarding manuals to strengthen their understanding and implementation of anti-corruption policies, ensuring heightened awareness across the organization. Additionally, the group guides employees and suppliers to establish proper values, embedding the concept of integrity in all business departments and processes to reinforce compliance awareness. During the reporting period, the annual anti-corruption training achieved a 100% participation rate.

6.3 INFORMATION SECURITY

China Li Lang remains steadfast in strengthening its data security governance framework. With forward-looking vision, the company continuously optimizes security operation standards while closely tracking global best practices to ensure all business processes meet the strictest compliance requirements. By comprehensively countering potential information security threats, it effectively safeguards the absolute security of the group's core data assets and consumers' personal information, thereby building an unshakable trust foundation for the company's steady progress and customer confidence.

6.3.1 Information Security Management

Information security management is vital to the group's stable operations. China Lilang has implemented a series of comprehensive protection strategies focusing on three key areas: data backup, network security, and system protection, ensuring the group's information security. These measures have enhanced the level of information security management, providing a solid foundation for the group's stable operations and information security.

Data Backup



A data management system including backup and disaster recovery measures is in place to avoid data loss from the Group's information system caused by natural disasters, human interference or other unforeseen events.

Network Security



A network security management ruling system which encompasses areas such as network access, server room oversight, equipment management and endpoint operation controls is in place to ensure secure and reliable operation of our information networks.

System Protection

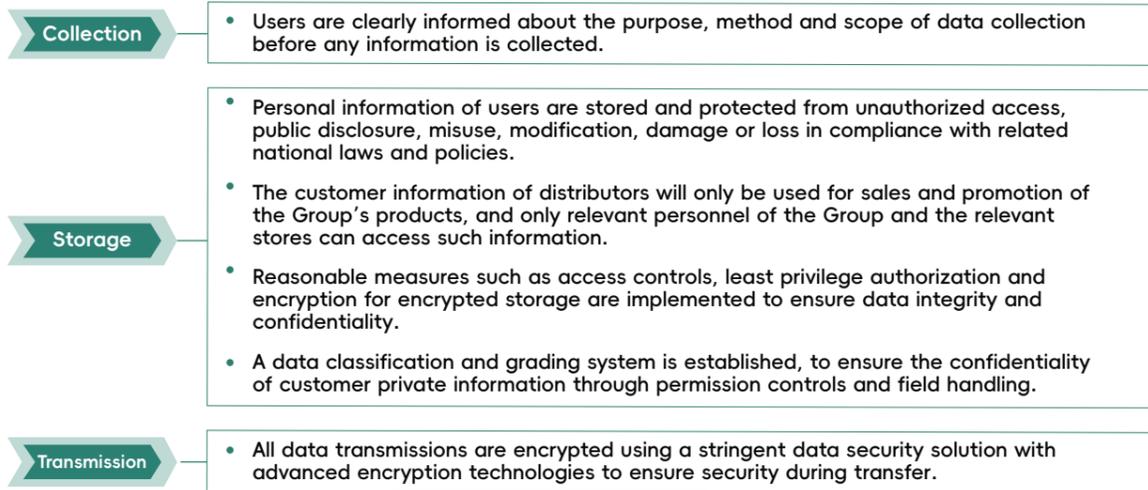


A system protection management mechanism has been established, with corresponding protection measures designed for different functions, including system firewalls, user access controls and permission allocation.

6.3.2 Customer Privacy Protection

China Lilang prioritizes client privacy protection in compliance with laws including the Data Security Law and Personal Information Protection Law. The Group has established comprehensive data protection protocols, with the Vice Chairman of the Board serving as the ultimate executive and the Information Management Center as the operational unit. Clear role definitions and authority allocations have been implemented to build a robust privacy framework, ensuring secure data collection, storage, and transmission while rigorously safeguarding client privacy.

China Lilang Customer Privacy Protection Mechanism



Key Customer Privacy Protection Performance for the Year

	2025	2024
The number of violations in the field of information security and privacy protection is	0	0
Total fines related to information security breaches or other cybersecurity incidents	0 yuan	0 yuan

6.3.3 INFORMATION SECURITY TRAINING

To further strengthen information security awareness, China LILANG provides cybersecurity and privacy protection training for new employees. The group also conducts annual awareness campaigns and training programs, offering specialized training for relevant positions. These initiatives enhance vigilance against malware and other cyber threats, update knowledge on data security and defense technologies, improve employees' overall data security literacy, and safeguard the data assets of both the group and its clients.

7. FUTURE OUTLOOK

Building on past achievements while setting ambitious goals, China Lilang envisions 2026 as a year of deepening its high-quality development strategy. The company will fully integrate sustainable development principles into corporate governance and daily operations, with technological innovation as the core driver, to forge a resilient and expansive blueprint for green development.

Quality First, Leading Value-Oriented Operations:

The Group will steadfastly uphold its core principle of 'Quality First, Reputation Supreme'. By leveraging end-to-end digital transformation to empower next-generation productivity, we will continuously enhance collaborative supply chain management and refine our lean quality control framework, propelling the enterprise to new heights through premium quality.

Green Leadership, Building a Low-Carbon Future:

We will continue to integrate green principles into every aspect of our corporate development, actively promote energy structure optimization, explore cutting-edge low-carbon technologies like "photovoltaic-storage integration", and strive to build a responsible green supply chain. By doing so, we aim to reduce the Earth's burden and fulfill our long-term environmental commitments.

People-oriented, co-creating social value:

We will continuously refine talent attraction and incentive mechanisms to foster a diverse, equal, and inclusive workplace environment. Simultaneously, we will expand the social impact of charitable initiatives like "Great Teachers" and "Youth Aesthetic Education," delivering tangible returns to society through concrete actions to support rural revitalization and community development.

Looking ahead, China LILANG will steadfastly pursue its corporate mission of "advocating a simple yet profound lifestyle for humanity" on the path of sustainable development. On this journey filled with challenges and opportunities, we will remain true to our founding vision, forge ahead with determination, and strive to deliver exceptional financial performance while creating enduring shared value for shareholders, the environment, and all stakeholders. Together, we will continue to write LILANG's glorious chapter in the new era.

8. APPENDIX

8.1 Key Performance

Table 1: Environmental Performance Indicators

Primary indicator	Secondary indicator	Unit	2025	2024
Greenhouse gas emissions	The range has been directly affected by greenhouse gases. Emissions.	tonnes of carbon dioxide equivalent	96	106
	Scope 2 indirect greenhouse gases emissions	tonnes of carbon dioxide equivalent	13833	12766
	total greenhouse gas emissions	tonnes of carbon dioxide equivalent	13929	12872
	GHG emission density of Scope 1	tons of CO ² equivalent per million yuan	0.02	0.03
	range two greenhouse gas emission density	tons of CO ² equivalent per million yuan	3.4	3.5
	total emission density of greenhouse gases	tons of CO ² equivalent per million yuan	3.42	3.53
Energy	Gasoline	Rise	44915	49661
	external power supply	megawatt-hour	22730	20588
	external gas supply	10,000 cubic meters	53	59
	photovoltaic power generation	megawatt-hour	2312	1435
Water resources	Total water consumption	Tens of thousands of tons	30.3	35.1
	water intensity	Tons/People's Yuan Million Yuan in revenue	74.48	96.16
Waste discharge	total amount of hazardous waste	ton	0.37	0.37
	particulate matter	ton	0.02	0.02
	nitrogen oxides	ton	0.34	0.34
	Sulfur dioxide	ton	0.01	0.01
	density of hazardous waste	Tons per RMB 1 billion in revenue	0.18	0.19
	total amount of harmless waste	ton	1418.28	1429.34
	Household waste	ton	1102	1093
	Edge trim	ton	130	230
	Waste paper	ton	13	2
	Waste paper	ton	174	104
	density of harmless waste	Tons per RMB 1 billion in revenue	348.55	391.60
Packagingt	Packaging material usage	ton	1813.92	1689.08
	packaging material consumption density	Tons/People's Yuan Million Yuan in revenue	0.45	0.46

Table 2: Social Performance Indicators (Product Quality, Green Products, Supplier Management, Sustainable Supply Chain)

Primary indicator	Secondary indicator	Unit	2025	2024
Product quality	Product and service complaint count	Home	1239	1092
	Receive complaints from regulatory authorities or consumers regarding product safety.	Home	0	0
Green products	China Lilang uses eco-friendly fabrics to produce clothing	Ten thousand items	731.95	640.67
	Eco-friendly fabric garments account for a certain percentage of the total production volume	%	58.39	54.24
	HIGGFEM-certified supplier	Home	58	45
	GOTS-certified supplier	Home	17	18
	Obtain GRS certification	Home	91	96
	Obtain Bluesign Certification 3	Home	12	13
Supply chain management	Total number of suppliers	Home	263	275
	By region			
	Number of Chinese suppliers	Home	248	266
	foreign supplier count	Home	15	9
	number of supplier evaluations	Next	786	825
	supplier evaluation rate	%	100	100
	Number of supplier training sessions	Next	92	49
	Obtained ISO14001 Environmental Management System certification	Home	82	66
	Obtained ISO 50001 Energy Management System Certification	Home	62	47
	Obtained ISO45001 certification for occupational health and safety management systems.	Home	23	21
Obtained SA8000 certification for social responsibility standards	Home	8	11	

8.1 KEY PERFORMANCE

**Table 3: Social Performance Indicators
(Employee Employment, Employee Training, Occupational Health and Safety)**

Primary indicator	Secondary indicator	Unit	2025	2024
Staffing	Total number of group employees	Person	2626	2494
	By gender			
	Total number of male employees	Person	1204	1158
	Total number of female employees	Person	1422	1336
	By age			
	Total number of employees aged 30 and below	Person	791	733
	Total number of employees aged 30-50	Person	1479	1429
	Total number of employees aged 50 and above	Person	356	332
	Split by contract			
	Total number of contract workers	Person	2595	2494
	Total number of labor dispatch employees	Person	31	0
	By region			
	Total number of employees in mainland China	Person	2618	2487
	Total number of employees in Hong Kong, Macao, Taiwan, and Japan	Person	8	7
	Employee turnover rate	%	23.33	34.20
	By gender			
	Male employee turnover rate	%	9.14	11.96
	Female employee turnover rate	%	14.19	17.09
	By age			
	Employee turnover rate for those aged 30 and below	%	13.93	17.42
	30-50 year old employee turnover rate	%	8.15	9.73
	Employee turnover rate for employees aged 50 and above	%	1.26	2.27
	Split by contract			
Total number of contract workers	%	23.3	34.2	
Total number of labor dispatch employees	%	0.03	0.00	
By region				
The employee turnover rate in mainland China	%	23.30	25.48	
Staff Turnover Rate in Hong Kong, Macao, Taiwan and Japan	%	0.03	0.00	
Employee Training	Total employee training time	Hour	53436	64256
	Average training hours by employment type			
	Senior Management	Hour	63	64
	Middle management	Hour	11	31
	Regular employee	Hour	20	39
	Average training hours by gender			
	Male	Hour	37	44
Female	Hour	34	39	
Occupational Health and Safety	number of deaths from industrial injuries	Person	0	0
	rate of death from industrial injury	%	0	0
	days of work lost due to work-related injury	Day	0	0

**Table 4: Social Performance Indicators
(Social Investment, Customer Privacy Protection)**

Primary indicator	Secondary indicator	Unit	2025	2024
social investment	total amount of public donations	ten thousand yuan	4563.79	2690.85
	Education	ten thousand yuan	3742.54	1601.75
	Medical	ten thousand yuan	514.07	769.27
	Culture	ten thousand yuan	0	18.00
	Other	ten thousand yuan	307.19	301.33
Customer Privacy Protection	The number of violations in the field of information security and privacy protection is	Start	0	0
	Total fines related to information security breaches or other cybersecurity incidents	Yuan	0	0

**Table 5: Governance Performance Indicators
(Corporate Governance, Compliance and Risk Management, Anti-Corruption)**

Primary indicator	Secondary indicator	Unit	2025	2024
corporate governance	total number of members of the board of directors	Person	12	12
	gender segregation of board members			
	Male	Person	11	11
	Female	Person	1	1
	age-based board members			
	30 to 50 years old	Person	3	3
	50 to 70 years of age	Person	8	8
	Over 70 years old	Person	1	1
	Board members are categorized by professional background			
	Business Administration background	Person	9	9
	Sales and Marketing Background	Person	2	2
	Design background	Person	1	1
	Number of board meetings held	Next	8	10
number of meetings to be held by the subcommittee of the board of directors within the year	Next	7	8	
compliance management and operational risk	Frequency of Risk Management and Internal Control System Review	Next	1	1
anti-corruption stain	number of corruption cases against the issuer or its employees that have been adjudicated during the reporting period	Next	0	0
	Anti-corruption training for directors and employees	Next	1	2

8.2 INDEX OF INDICATORS

General Disclosure and KPI	Description	Corresponding Sections	Note
A. ENVIRONMENT			
Aspect A1:EMISSIONS			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous wastes	3.2.3 EMISSIONS	
KPI A1.1	The types of emissions and respective emissions information	3.2.3 EMISSIONS 8.1 KEY PERFORMANCE	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	3.1.4 INDICATORS AND OBJECTIVES	
KPI A1.3	Total hazardous wastes produced (in tonnes) and, where appropriate, intensity	3.2.3 EMISSIONS 8.1 KEY PERFORMANCE	
KPI A1.4	Total non-hazardous wastes produced (in tonnes) and, where appropriate, intensity	3.2.3 EMISSIONS 8.1 KEY PERFORMANCE	



General Disclosure and KPI	Description	Corresponding Sections	Note
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	3.2.3 EMISSIONS	No emissions target(s) has been set this year
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	3.2.3 EMISSIONS	No waste reduction target(s) has been set this year
Aspect A2:USE OF RESOURCES			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	3.2.1 ENERGY MANAGEMENT 3.2.2 WATER RESOURCES 3.3.4 PACKAGING	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	3.2.1 ENERGY MANAGEMENT 8.1 KEY PERFORMANCE	
KPI A2.2	Water consumption in total and intensity	3.2.2 WATER RESOURCES 8.1 KEY PERFORMANCE	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	3.2.1 ENERGY MANAGEMENT	No energy use efficiency target(s) has been set this year
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	3.2.2 WATER RESOURCES	No specific water efficiency target(s) has been set this year
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	8.1 KEY PERFORMANCE	
Aspect A3:ENVIRONMENT AND NATURAL RESOURCES			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	3.2 NATURE-FRIENDLY	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	3.2 NATURE-FRIENDLY	
Aspect A4:Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate- related issues which have impacted, and those which may impact, the issuer	3.1.1 GOVERNANCE	
KPI A4.1	Description of the significant climate- related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	3.1.3 RISKS AND OPPORTUNITIES	
B. SOCIAL			
Aspect B1:EMPLOYMENT			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	5.1.1 LABOR MANAGEMENT	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	5.1.1 LABOR MANAGEMENT 8.1 KEY PERFORMANCE	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	5.1.1 LABOR MANAGEMENT 8.1 KEY PERFORMANCE	

General Disclosure and KPI	Description	Corresponding Sections	Note
Aspect B2:HEALTH AND SAFETY			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to providing a safe working environment and protecting employees from occupational hazards	5.1.2 HEALTH AND SAFETY	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	5.1.2 HEALTH AND SAFETY 8.1 KEY PERFORMANCE	The Group had zero incidents of work- related fatalities in the past three years
KPI B2.2	Lost days due to work injury	5.1.2 HEALTH AND SAFETY 8.1 KEY PERFORMANCE	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	5.1.2 HEALTH AND SAFETY	
Aspect B3:DEVELOPMENT AND TRAINING			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work;description of training activities	5.1.3 TRAINING AND DEVELOPMENT	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	5.1.3 TRAINING AND DEVELOPMENT 8.1 KEY PERFORMANCE	
KPI B3.2	The average training hours completed per employee by gender and employee category	5.1.3 TRAINING AND DEVELOPMENT 8.1 KEY PERFORMANCE	
Aspect B4:Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to preventing child and forced labour	5.1.1 LABOR MANAGEMENT	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	5.1.1 LABOR MANAGEMENT	
KPI B4.2	Description of steps taken to eliminate such practices when discovered	5.1.1 LABOR MANAGEMENT	
Aspect B5:SUPPLY CHAIN MANAGEMENT			
General Disclosure	Policies on managing environmental and social risks of the supply chain	4.1.1 ACCESS AND APPROVAL	
KPI B5.1	Number of suppliers by geographical region	4.1.2 SELECTION AND USE 8.1 KEY PERFORMANCE	
KPI B5.2	Description of practices in relation to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	4.1.2 SELECTION AND USE 4.2 SUPPLIER ASSESSMENT 8.1 KEY PERFORMANCE	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	4.1 RESPONSIBLE PROCUREMENT 4.2 SUPPLIER ASSESSMENT	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	4.1.2 SELECTION AND USE	

General Disclosure and KPI	Description	Corresponding Sections	Note
Aspect B6:PRODUCT RESPONSIBILITY			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters in relation to products and services provided and methods of redress	3.3.2 QUALITY AND SAFETY 3.3.4 RESPONSIBLE MARKETING	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	8.1 KEY PERFORMANCE	
KPI B6.2	Number of products and service related complaints received and how they are dealt with	3.3.2 QUALITY AND SAFETY 8.1 KEY PERFORMANCE	
KPI B6.3	Description of practices in relation to observing and protecting intellectual property rights	3.3.1 PRODUCT RESEARCH AND DEVELOPMENT	
KPI B6.4	Description of quality assurance process and recall procedures	3.3.2 QUALITY AND SAFETY	
KPI B6.5	Description of consumer information protection and privacy policies, and how they are implemented and monitored	6.3 INFORMATION SECURITY	
Aspect B7:ANTI-CORRUPTION			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer in relation to bribery, extortion, fraud and money laundering	6.2.1 ANTI-CORRUPTION MANAGEMENT	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	6.2.1 ANTI-CORRUPTION MANAGEMENT 8.1 KEY PERFORMANCE	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	6.2.2 REPORTING CHANNELS AND PROTECTION OF WHISTLEBLOWERS	
KPI B7.3	Description of anti-corruption training provided to directors and staff	6.2.3 PROMOTION AND IMPLEMENTATION OF INTEGRITY	
Aspect B8:COMMUNITY INVESTMENT			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer locates and to ensure its activities take into consideration the communities' interests	5.2 CONTRIBUTION TO SOCIETY	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	5.2 CONTRIBUTION TO SOCIETY 8.1 KEY PERFORMANCE	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	5.2 CONTRIBUTION TO SOCIETY 8.1 KEY PERFORMANCE	

8.3 FEEDBACK

Thank you for reading the "China LILANG Co., Ltd. 2025 ESG Report". To help us continuously improve our ESG management and reporting quality, we sincerely welcome your valuable feedback and suggestions.

You are from:

- Investment Institution/Shareholder
- Government and Regulatory Agencies
- Client/Customer
- Supplier/Outsourced Manufacturer
- Employee
- Industry
- Media
- Local Community

Your contact information (optional):

Your Feedback :

Items	Evaluation	Good	Better	General	Poor
Your overall assessment of this report					
This report demonstrates China Lilang's significant impact on the environment, society, and governanc					
Your overall assessment of the information disclosure in this report					
Your overall evaluation of the text content and layout design in this report					

What other information or suggestions would you like to learn from this report?

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