

利郎 LILANZ

简约男装

利郎 LILANZ

China Lilang Limited

Stock code:1234

CREATE
A BETTER LIFE
TOGETHER

Environmental, Social and Governance
Report 2024

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1.1 ABOUT THIS REPORT

INTRODUCTION TO THE REPORT

This report comprehensively describes the philosophy, practices and performance of China Lilang Limited (“China Lilang”, “the Group”, “we” or “us”) in environmental, social and governance aspects in 2024.

DISCLOSURE SCOPE

This report covers the information and data of the Group from 1 January to 31 December 2024 (hereinafter referred to as the "Reporting Period"). in order to increase the completeness, comparability and timeliness of the report, some of the content traces back to previous years.The disclosure cycle of this report is annual.

BASIS OF PREPARATION

- Refer to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code
- Prepared with reference to Sustainable Development Goals (SDGs) of the United Nations

DATA DESCRIPTION

The environmental, social and governance data in this report are derived from relevant internal statistical reports or documents of the Group.The monetary amounts involved in this report are measured in RMB.

LANGUAGE DESCRIPTION

This report is published in Simplified English.

DEFINITIONS

For ease of expression and reading, the terms in this report are referred-to as follows:

Full Name	Short Form
China Lilang Limited	China Lilang, the Group, we or us
Wuli Plant of Lilang (China) Co., Ltd.	Wuli Plant
Smart Logistics Centre of Lilang (China) Co., Ltd.	Logistics Centre

CONFIRMATION AND APPROVAL

This report is published after confirmation and approval by the Board of Directors.

DISTRIBUTION FORMAT

This report is published in electronic format.To access or download this report online, please visit our official website.

CONTACT DETAILS

We attach great importance to the opinions of our stakeholders. If you have any inquiries or suggestions about this report, please write to China Lilang Limited.

- Official Website:https://www.lilanz.com/
- Contact Address:No. 200 Changxing Road, Jinjiang, China
- Contact Numbers: 0595-85622666/85622999
- Postal Code: 362200

REPORTING SYSTEM

This is the ninth annual Environmental, Social and Governance Report issued by China Lilang Limited.

1.2 MESSAGE FROM THE MANAGEMENT

Looking back on the past year, China Lilang has been in an era of both opportunities and challenges. Global climate change, economic fluctuations and geopolitical turmoil have created a complex external environment.As a leader in the domestic menswear industry, we are fully aware of the importance of sustainable development in shaping long-term competitiveness.Therefore, we have formulated an ESG strategy, established the goal of "Create a better life together", identified the six strategic pillars and planned four major action paths accordingly:Protecting The Earth, Sustainable Supply Chains, Caring For People and Society, and Responsible Business Conduct.These initiatives are not only our solemn commitment to the natural ecology, but also a concrete manifestation of our active participation in social governance and promotion of harmonious social development. We fulfill our corporate social responsibility and mission with concrete actions.

Quality First Delivering Value

Quality is the lifeline that keeps the business alive and thriving. For China Lilang, it's not just a serious promise to the world but also the foundation for moving forward steadily and achieving a lasting vision.We focus on providing customers with products of exceptional quality through innovative product research and development and stringent quality control.To this end, we have established a comprehensive research and development institution covering various aspects such as fabric development, garment research, quality inspection, design innovation, and process technology, and have obtained more than 180 valid patents in various fields.In terms of quality management, We have established a quality management system covering the entire product lifecycle, with strict controls from R&D design to market launch. This ensures that each stage meets the predetermined quality standards and satisfies the specific needs of customers.

Building Harmony Creating Social Value

In today's economy and business world, creating a sustainable future means thinking long-term, acting for others, and sharing the benefits from development with the society.While pursuing our own growth, we always adhere to the concept of a win-win situation. We use our industry resources and technical capabilities to actively provide suppliers with high-quality resources and support, promoting the common development of both parties;Employees are our most valuable assets. We strive to create a fair and equitable work environment, provide diverse welfare policies, and unlock employees' potential to support them in achieving their personal career goals.We also actively participate in public welfare undertakings and conscientiously fulfill our social responsibilities.During charitable activities, our donated funds were allocated to advance the development of key areas such as healthcare, education and cultural heritage preservation.A better and more harmonious society needs everyone to work together.We will keep spreading care and kindness through real actions, working together to create a thriving, harmonious and lively society.

Care for the Planet Grow Green Together

Lucid waters and lush mountains are the most inclusive welfare for people's livelihoods, while a zero-carbon future represents the most universal business civilization. In pursuing green sustainability, China Lilang has maintained a strong sense of mission and responsibility, working diligently and consistently to develop eco-friendly products. Through meticulous selection of sustainable fabrics and application of green manufacturing techniques, the company continues to drive product eco-enhancement initiatives, having secured multiple green product certifications. Simultaneously, in response to rapidly evolving technological advancements, China Lilang proactively embraces the digital era by advancing intelligent transformation - establishing smart factories, developing AI-powered logistics parks, and implementing intelligent retail solutions. These measures have effectively reduced energy consumption and carbon emissions across production and transportation processes, accelerating the enterprise's sustainable development progress while leading the industry toward greater environmental stewardship and sustainability.

Operate Responsibly Build a Strong Foundation

China Lilang builds a solid business foundation with a strong sense of responsibility. Guided by firm determination and practical efficiency, we uphold business ethics and ensure full compliance with laws and regulations in all operations.We understand firmly that reputation is the core of a company, which requires careful cultivation to thrive. Therefore, we are committed to building a foundation of trust, upholding the highest standards of data security, and ensuring the safety of user information. Through these efforts, we have earned lasting trust and support of our customers.

This year marks the ninth year of China Lilang publishing its ESG report. We sincerely thank all partners from various sectors who have cared for and supported our development over the years. Through this report, we aim to address the expectations of our stakeholders. It is your collaboration that has made our progress possible."The path is arduous and long, but with determination, the destination will be reached."In the past few years, we have made significant progress in sustainable development. More importantly, we are committed to further consolidating and strengthening our efforts by embedding the concept of sustainability into our corporate development strategy. We will persevere step-by-step our the journey of sustainability for great achievements.

1.3 STATEMENTS FROM THE BOARD

As our business in the PRC continues to grow steadily and reach new heights, the Board has placed sustainable development management at a key strategic level. Sustainability represents our important commitment to society, the environment, and our stakeholders. To achieve this goal, we have actively established a multi-level ESG governance framework. Through our efforts, we have come to deeply understand that ESG governance is a dynamic process requiring constant adjustment and optimization. Therefore, the Group continuously updates and refines its ESG governance structure to ensure it aligns with evolving regulatory requirements, market trends, and expectations of the society.

The Board plays a key leadership role in the ESG governance system. Our Board members are actively involved in the Group's ESG-related work and effectively fulfill their supervisory responsibilities to ensure that the Group's ESG policies and measures are implemented efficiently. China Lilang remains steadfast in its commitment to sustainable development, striving to balance business growth with ESG management. We are dedicated to creating long-term value for our shareholders, making positive contributions to society, and proactively addressing the challenges and opportunities of global sustainable development.

1.4 2024 HIGHLIGHTS

1.4.1 AWARDS AND SOCIAL RECOGNITION OF THE GROUP

AWARDS AND SOCIAL RECOGNITION OF THE GROUP	Awarding Body
<ul style="list-style-type: none">19th Asia Brand Ceremony 2024: Pioneer Minimalist Menswear Brand Award (第19屆亞洲品牌盛典2024首創簡約男裝品牌大獎)Annual Innovative Brand Planet Award - BRANDSTAR AWARDS (年度創新品牌星球獎BRANDSTAR AWARDS)CHIAWARD 2024 Brand Value Excellence Award (CHIAWARD2024品牌價值獎)2024 Shanghai International Advertising Awards - Gold Award and Silver AwardChairman Wang Liangxing Honored as a "Bamin Role Model" and Leading Private Entrepreneur of JinjiangHonored with the "Caring for the Elderly, Giving with Love" ("關懷老人奉獻愛心") PlaqueHonored with the "Benefiting Enterprises and Citizens with Generosity and Virtue, Promoting Excellence and Integrity" ("惠施地澤利企安民世濟其美郎才嘉風") PlaqueHonored with the "Cherishing Virtue, Upholding Justice, and Benefiting People with Compassion" ("懷德秉義仁心惠民") Plaque70 Brands for the 70th Anniversary of the Founding of the People's Republic of China	<ul style="list-style-type: none">Asia Brand Ceremony Organizing CommitteePlanet Award BRANDSTAR AWARDS Organizing CommitteeChina National Textile and Apparel Council, China National Garment Association, and othersShanghai International Advertising Festival Organizing CommitteePublicity Department of the Fujian Provincial Party CommitteeDashanhou Elderly Association of Jinjiang CitySecond Affiliated Hospital of Fujian Medical UniversityJinjiang City Hospital (Fujian Hospital of Shanghai Sixth People's Hospital)CCTV's Great Nation Brands, China Advertising Association

Product Achievements

Lilang's hydrophobic down

- 2024 Down Jacket with the Highest Water Resistance
Awarding Body: WRCA
- 2024 Down Jacket with Exceptional Warmth and Water Resistance
Awarding Body: WRCA



- French Design Gold Award
Awarding Body: International Awards Associate

- Titan Innovation Silver Award
Awarding Body: International Awards Associate

- U.S. MUSE Silver Award
Awarding Body: International Awards Associate

- New York Product Design Silver Award
Awarding Body: International Awards Associate

- London Design Silver Award
Awarding Body: International Awards Associate

- 2024 Hong Kong and Greater Bay Area Design Gold Award
Awarding Body: BETTER FUTURE Independent Design Promotion Organization


Lilang's EverWhite Wrinkle-Free Polo Shirts

- World-Class Ultra-Durable Non-Iron White Shirt
Awarding Body: WRCA



Lilang wash-resistant Polo shirts

- Wash-resistant Polo Shirt: retains its smoothness and vibrant colors even after 30 machine washes



1.4.2 SUSTAINABILITY PERFORMANCE

SUSTAINABILITY MANAGEMENT



- Establishment of a comprehensive and robust **ESG governance structure and strategic framework**.
- Setting **13** ESG goals for the short, medium, and long term under different themes.
- Performing annual materiality identification process, involving more than **90** stakeholders in the ESG materiality survey.
- Drawing from national policies, industry development trends, and ESG disclosure guidelines, identified **22** sustainability topics, with 5 key issues highly significant.

PROTECTING THE EARTH



- To effectively address the challenges posed by climate change, China Lilang has established a dedicated **ESG working group** and assigned the strategic and investment department to manage climate-related matters.
- The Group provided ESG training to **nearly 100** mid and senior level managers, accumulating over **200** hours of training time.
- The **1,900** kW rooftop distributed photovoltaic power generation system has been completed and put into operation, with an estimated annual electricity output increase of **2.4** million kWh and a reduction of **214** tons of carbon emissions per year.
- In 2024, a total of **6.4** million garments were manufactured utilizing eco-friendly fabrics, representing **54.24%** of the overall production volume.
- The latest washing technology was applied to certain denim products, reducing water consumption by an average of approximately **20%**.
- The smart factory has implemented up to **70%** automation coverage and more than **90%** automation in post-sewing processes, enabling unmanned operations while minimizing energy consumption and waste emissions.

SUSTAINABLE SUPPLY CHAIN



- In 2024, China Lilang had **66** suppliers certified with the ISO 14001 Environmental Management System, **47** suppliers certified with the ISO 45001 Occupational Health and Safety Management System, **21** suppliers certified with the ISO 50001 Energy Management System, and **11** suppliers certified with the SA8000 Social Responsibility Standard.
- During the Reporting Period, we carried out **825** supplier evaluations, representing a year-on-year increase of **5.63%**, with an annual supplier evaluation rate of **100%**.
- During the Reporting Period, we organized **49** training sessions for suppliers, aiming at fostering their sustainable growth and development.

CARING FOR PEOPLE AND SOCIETY



- In 2024, the Group employed a total of **4,977** individuals, with **2,666** female employees, representing **53.57%** of the workforce.
- During the Reporting Period, there were **zero** work-related fatalities and **zero** lost workdays due to workplace injuries.
- During the Reporting Period, the Group provided a total of **64,256** hours of employee training, a year-on-year increase of **20.26%**.
- In 2024, Lilang Group donated RMB **9.7** million, and Lilang Charity Foundation contributed RMB **17.2** million to public welfare and charitable causes.
- In 2024, we established the "Da Xiansheng" Charity Fund. The Chairman of the Board, Wang Dongxing, and his wife, Chen Lili, made the first donation in their personal capacity of **RMB100** million to support the development of education and healthcare in Jinjiang City.
- 2024 marks the third year of the "Youth Aesthetic Education Charity Plan" ("少年美育公益計劃") which has expanded to **8** provinces, donated over RMB **6.58** million, built **23** Dream Centers, and benefited **30,881** children.

RESPONSIBLE BUSINESS CONDUCT



- In 2024, the Group had **zero** corruption or fraud lawsuits, received **zero** employee complaints in relation to corruption or fraud, and handled **zero** such cases.
- During the Reporting Period, **2** anti-corruption training sessions were provided to directors and employees, with a **100%** participation rate among employees for annual anti-corruption training.
- The number of violations in the field of information security and privacy protection was **zero**, and the total fines in relation to information security breaches or other cybersecurity incidents amounted to **zero**.

1.5 About China Lilang

1.5.1 GROUP PROFILE

Group Overview

China Lilang, founded in 1987 and headquartered in Jinjiang, China, became the first Chinese menswear company to list on the Hong Kong Stock Exchange in 2009 (Stock Code: 01234). Positioned as a "Business Casual Menswear" brand, China Lilang is a renowned Chinese integrated fashion enterprise that combines independent R&D, production, retail operations, fabric development, dyeing techniques, design capabilities, and quality testing. The Group operates its core brand [LILANZ] and the smart casual sub-brand [LESS IS MORE], with 80 retail branches and 2,733 terminal stores forming a comprehensive distribution network across 31 provinces, autonomous regions, and municipalities in China. Guided by its brand philosophy of "Simplicity without Simplicity," China Lilang continues to lead the upgrading of China's menswear industry.

Group Culture

Mission

Advocating a lifestyle of
"Simple Yet Refined" for humanity

Core Values

Innovation, Diligence
Sharing and Dedication

Main Brands

China Lilang steadfastly upholds the design philosophy of "Simple Yet Refined", rigorously selecting premium raw materials and implementing lean production practices to strictly control quality. Continuously pursuing innovation, the brand embraces a more fashionable and youthful image to lead new trends in Chinese menswear, empowering every gentleman to express unique charm within simplicity and quality.

利郎 LILANZ

简约男装

Since its inception in 1987, the LILANZ series has pioneered the introduction of the "business casual" clothing category in China, laying the foundation for the development of segmented categories in the menswear industry. Dedicated to providing premium-quality business casual attire for elite men aged 25 to 45 who possess sophisticated taste, distinctive aesthetics, and stringent requirements for tailoring and fabric quality.



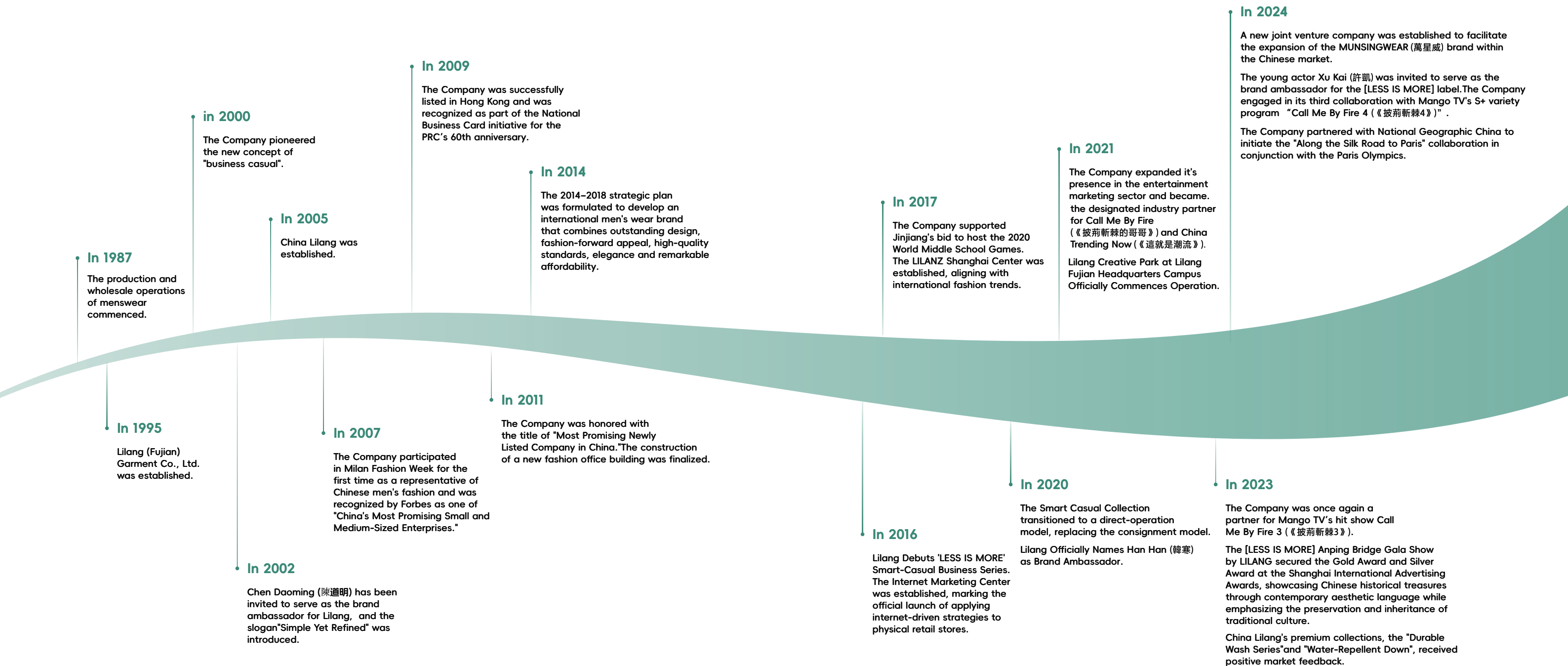
利郎 LESS IS MORE

青年商务 | 本该轻松

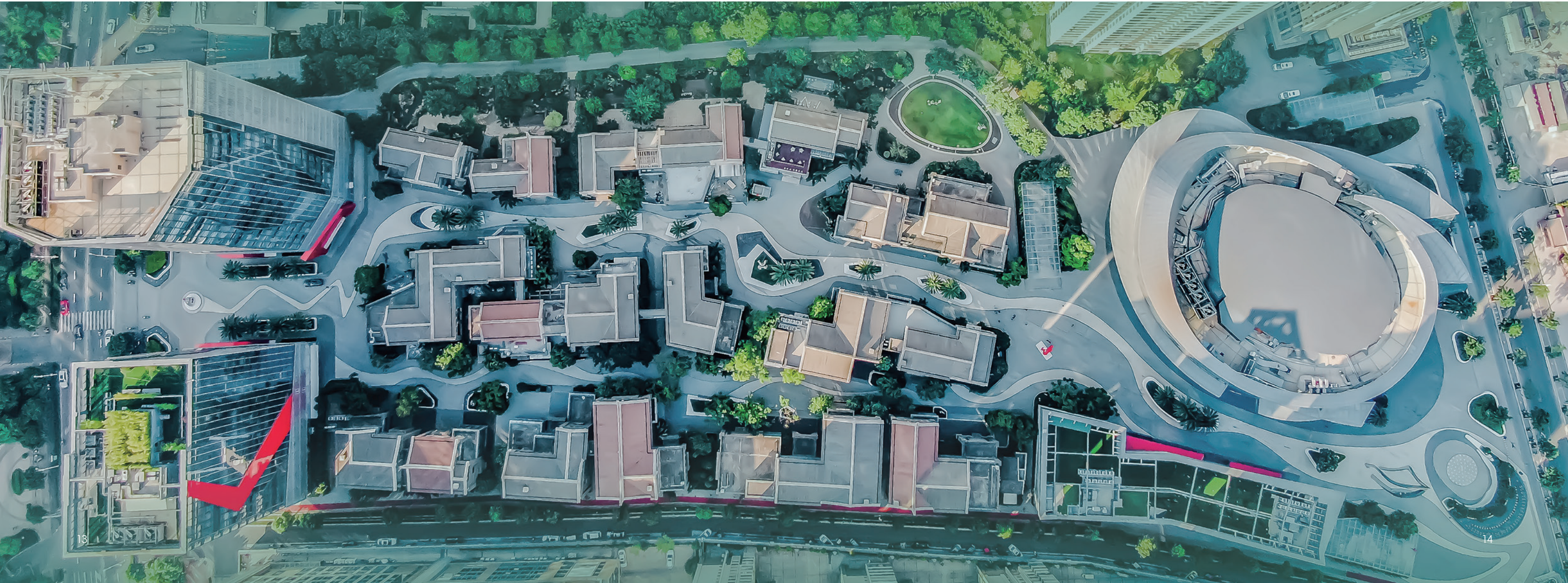
This series provides versatile, lightweight and comfortable menswear ideal for daily wear. Through the creation of immersive, technology-driven concept stores, the brand reinforces its identity of "open, fluid, avant-garde and pioneering" while delivering younger-oriented fashion expressions.



1.5.2 MILESTONE



1.5.3 ACCOLADES OF THE GROUP



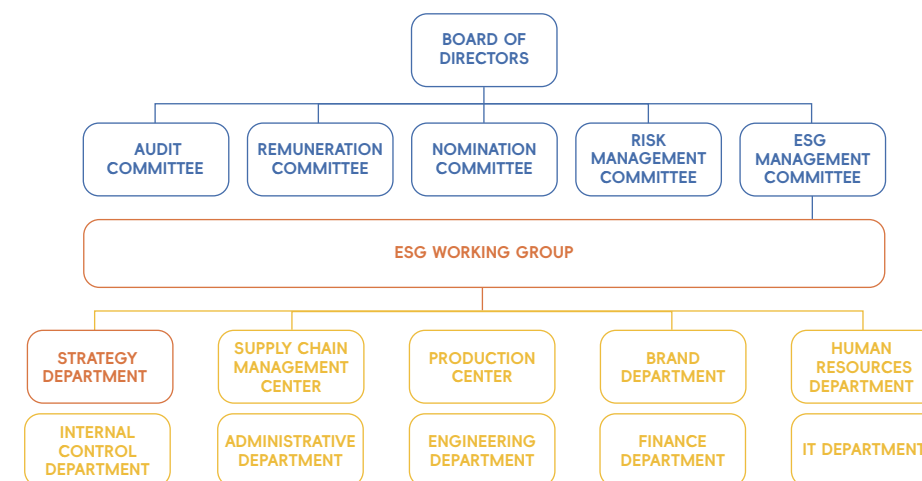
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SUSTAINABILITY MANAGEMENT

2.1 ESG GOVERNANCE

In pursuit of sustainable development, China Lilang has been proactively promoting ESG governance to effectively assess and manage associated risks and opportunities. Since 2021, the Company has implemented a robust and rigorous ESG governance framework, enabling the Board to oversee ESG matters and ensure their integration into daily operations. The Board of Directors holds ultimate accountability for the Group's sustainability direction, strategies, goals, performance and reporting. Recognizing the importance of sustainability, the Group has linked specific sustainability performance metrics to the annual incentive compensation policies for certain senior executives.

ESG Management Structure



BOARD OF DIRECTORS

- The Board holds ultimate overall responsibility for the Group's ESG matters and oversees the Group's ESG governance.

ESG MANAGEMENT COMMITTEE

- Reviews and approves the Group's ESG vision, goals and strategies, assesses the progress of related targets annually, and provides recommendations to the Board of Directors on ESG initiatives.
- Reviews international trends in relation to corporate environmental, social and governance practices. Assesses the applicability of the Group's environmental, social, and governance strategies and objectives by aligning them with its operations and overall strategy. Reports findings and provides recommendations to the Board of Directors.
- Establishes an environmental, social, and governance working group to oversee and guide the implementation of the Group's environmental, social and governance strategies and related actions.

ESG WORKING GROUP

- Holds regular annual meetings to review progress, reports updates to the Board of Directors, and adopts their feedback and recommendations. This ensures that ESG strategies and measures are effectively implemented across the Group.
- Established an ESG Working Group with a cross-departmental collaboration mechanism coordinated and managed by the Strategy Department. Members include department heads from the Supply Chain Management Center, Production Center, Brand Department, Human Resources Department, and related units, ensuring comprehensive implementation of environmental and social governance strategies and initiatives across the Group.

Strategy Department-Functional Departments

- The Strategy Department coordinates ESG efforts across other departments, drives the implementation of the Group's sustainable development strategic goals, and is responsible for preparing the annual ESG report.

2.2 ESG STRATEGY

Globally, the concept of sustainable development has become a key force driving the green transformation of the global economy. In the face of increasingly severe challenges such as climate change, environmental pollution and resource depletion, countries around the world are accelerating their green development strategies to strike a balance between economic growth and environmental protection. As a leading brand in China's menswear industry, China Lilang recognizes the historic responsibility and opportunities of this era. The Company actively embraces change by deeply integrating ESG management into its business operations. Through the power of fashion, it strives to reduce its environmental impact and contribute positively to addressing climate change.

In 2024, we developed a sustainable development strategy based on the Group's governance and business strategy, aligned with macro market conditions and our sustainability mission. We proposed the ESG strategic goal of "Create a better life together", aiming to upgrade brand aesthetics while promoting sustainable development and showing care for the planet through every piece of clothing. Building on our business focus, we have established the core vision of "Style from Nature, Quality with Responsibility". Under the three E/S/G dimensions, we have identified six key pillars: "Green Materials and Low-Carbon Fashion", "Employee Care and Safe Production", and "Transparent Governance and Responsible Action". These pillars guide our action plans, optimize resource allocation, and ensure the effective implementation of our sustainability strategy.



Strategic Issues Module

Green Raw Materials

Prioritize sustainable material procurement

Collaborative development of eco-friendly materials

Implementation of green standard procurement

Product carbon footprint management

Product carbon footprint management

Optimization of carbon emissions in production technology

Reduction of resource consumption intensity

Innovation in green production

Investment in low-carbon technology research and development

Introduction of a low-carbon product line

Digital upgrade

Employee Health and Well-being

Establishment of a labor rights protection system

Provision of professional skills development training

Implementation of employee welfare plans

Chemical Production Safety

International Chemical Management Standards

Implementation of regular safety inspections

Enhancement of employee safety trainings

Active assumption of social responsibility

Collaborative community development

Charitable donations and volunteer services

Promotion of social equity

Transparency Enhancement in Corporate Governance

Continuous optimization of corporate governance structure

Independence and diversity of the Board of Directors

Establishment of a robust ESG management and oversight mechanism

Corporate Conduct

Comprehensive compliance of corporate conduct

Deepening of anti-corruption and integrity development

Regular review and improvement of business processes

Response to Sustainable Development Goals

7 经济适用的清洁能源

9 产业、创新和基础设施

11 可持续城市和社区

12 负责任消费和生产

13 气候行动

17 促进目标实现的伙伴关系

1 无贫穷

3 良好健康与福祉

4 优质教育

5 性别平等

8 体面工作和经济增长

9 产业、创新和基础设施

10 减少不平等

3 良好健康与福祉

5 性别平等

9 产业、创新和基础设施

16 和平、正义与强大机构

17 促进目标实现的伙伴关系



2.3 COMMUNICATION WITH STAKEHOLDERS

China Lilang places great importance on the expectations and concerns of stakeholders, maintaining an open and inclusive attitude to listen and respond actively through concrete actions. The Group carefully considers its business nature, operational conditions, and industry trends to proactively identify key stakeholders. It ensures smooth communication channels with shareholders, customers, governments and employees, establishes more comprehensive and efficient communication mechanisms, and regards this as a key factor in optimizing its ESG management process.

We have consistently upheld and strengthened our multi-level dialogue mechanisms with stakeholders during the year. By leveraging a variety of communication platforms, we ensured timely responses to and proper handling of stakeholder concerns, promoting the harmonious and healthy development of the Group.

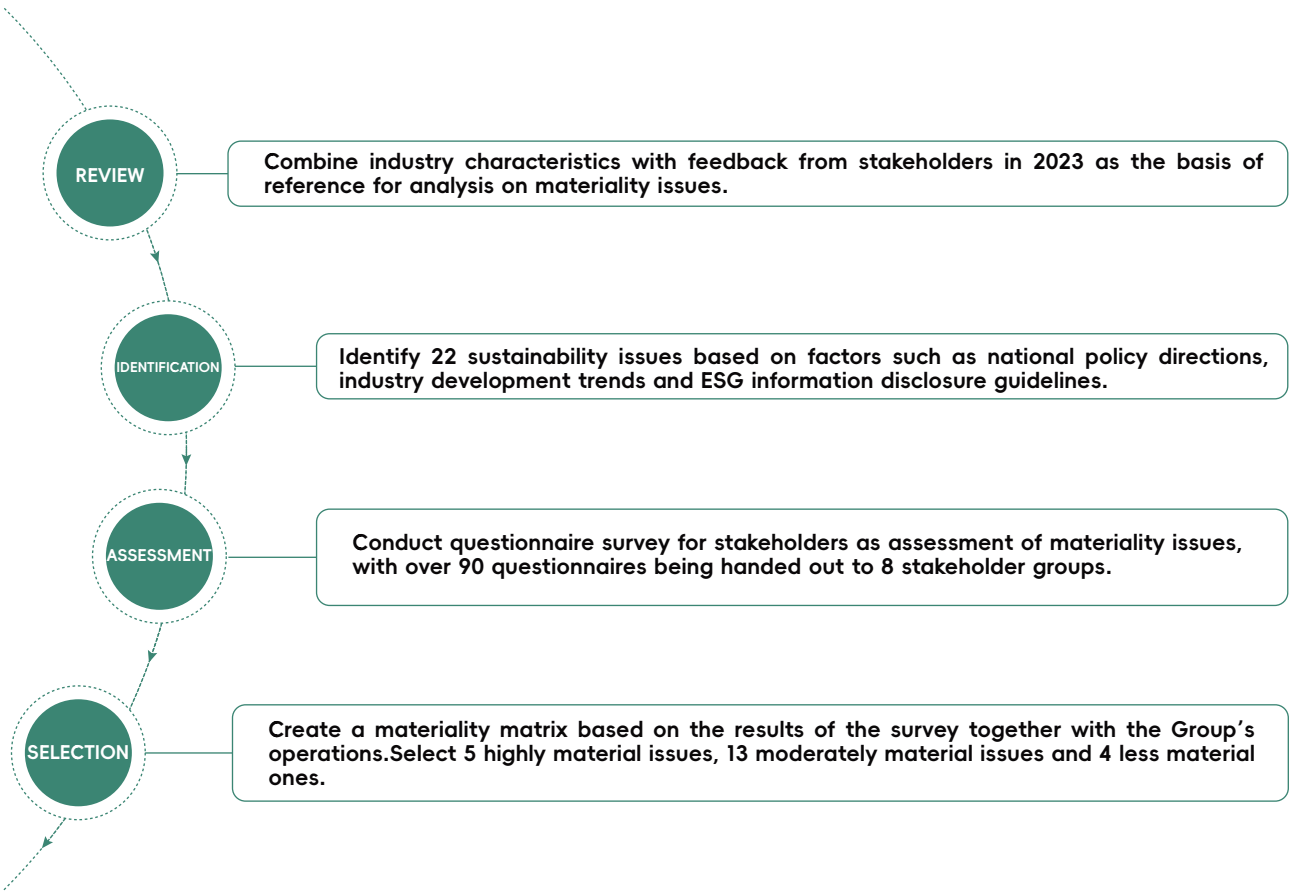
Stakeholder category	Major communication method	Key Areas of Interest
Staff	<ul style="list-style-type: none">• Company intranet• Training and staff activities• Labor union• Various seminars	<ul style="list-style-type: none">• Protection of employee rights and interests• Employee health and safety• Staff training and development
Government and regulatory authorities	<ul style="list-style-type: none">• Regular reporting• Supervision and inspection	<ul style="list-style-type: none">• Corporate governance• Internal control and risk management• Responding to climate change• Operating with integrity and compliance
Institutional Investors/ Shareholders	<ul style="list-style-type: none">• Issue Company announcements and periodic reports• Conduct performance presentation meetings• Facilitate investor inquiries and organize roadshows• Disseminate updates to investors via the official website and public platforms• Hold a Shareholders' Meeting	<ul style="list-style-type: none">• Corporate governance• Information disclosure• Return on investment• Protection of shareholder interests• Product and process innovation
Suppliers/OEM manufacturers	<ul style="list-style-type: none">• Tenders and biddings• Review and appraisal meeting• Regular communication• Email, telephone, WeChat and corporate website• Supplier Follow-Up Visit	<ul style="list-style-type: none">• SUPPLY CHAIN MANAGEMENT• Collaborating with integrity
Customers	<ul style="list-style-type: none">• Customer survey• Call centre and hotline• Customer visits• Exhibitions	<ul style="list-style-type: none">• Product quality management• Customer services• Customer privacy protection
Peers	<ul style="list-style-type: none">• Industry forums and exchange conferences• On-site visits• Research and investigation	<ul style="list-style-type: none">• Circular economy• Digital transformation• Sustainable raw materials
Media	<ul style="list-style-type: none">• Performance conference• Media day• Feature reports	<ul style="list-style-type: none">• Responsible marketing and promotion• Social welfare and philanthropy
Local community	<ul style="list-style-type: none">• Community activities	<ul style="list-style-type: none">• Charitable activities• Driving local development

2.4 MATERIALITY IDENTIFICATION

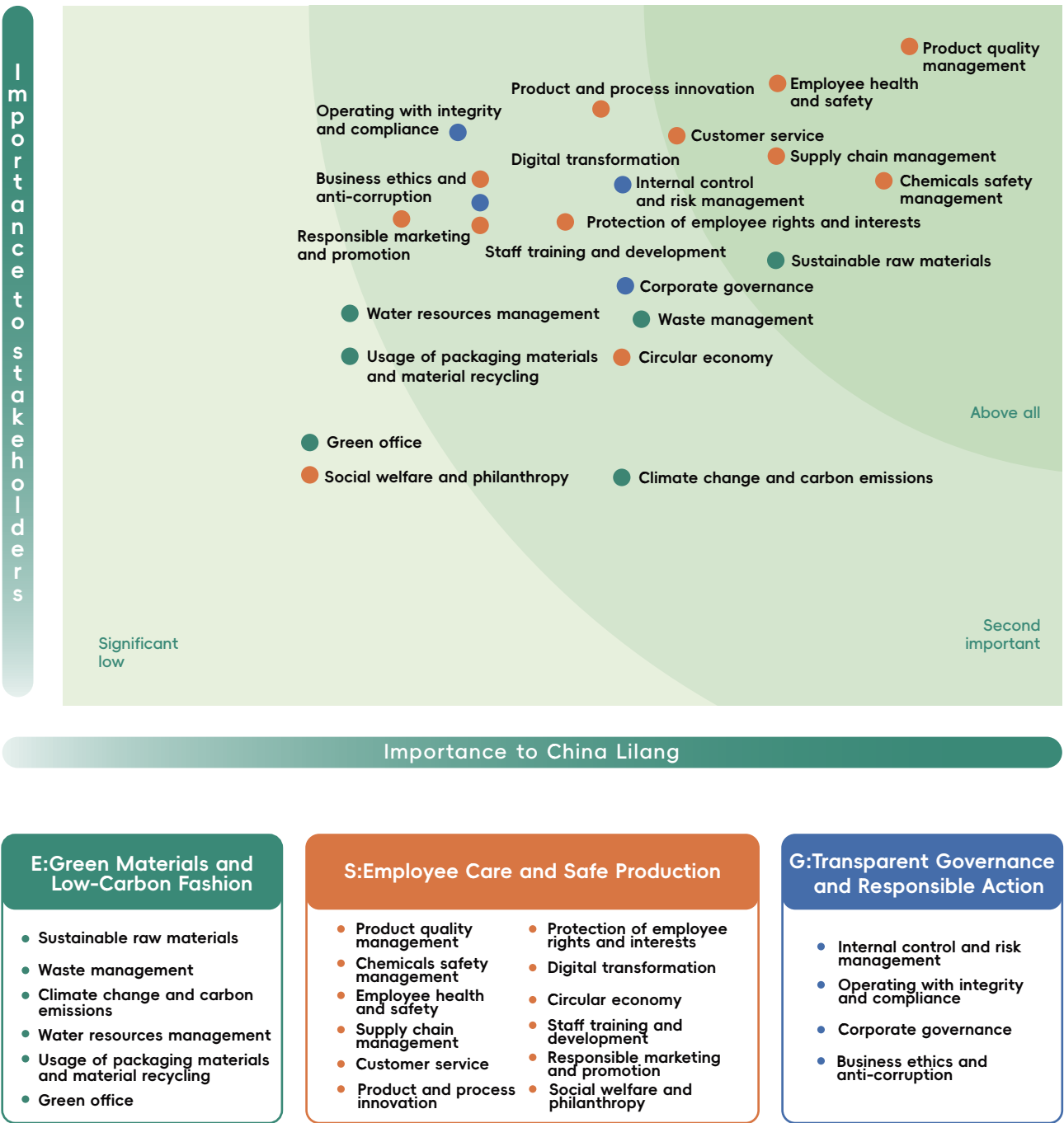
China Lilang is dedicated to embedding ESG principles into its sustainable development strategy. Guided by national economic and social development priorities as well as forefront industry sustainability trends, we have identified key topics with profound impacts on both the Company and its stakeholders. On this foundation, we have established a comprehensive list of topics and conducted thorough evaluations to ensure that our strategic planning and operational decisions effectively respond to the challenges and opportunities within these critical areas.

We rigorously execute the materiality assessment process, maintaining active dialogue with shareholders, employees, government agencies, customers and other stakeholders throughout. By designing and distributing materiality assessment questionnaires, we systematically collect and organize feedback from various sources. Subsequently, we conduct a scientific quantitative analysis based on two key dimensions: "importance to stakeholders" and "importance to the Group's strategic development." This process determines the priority level of different issues. Based on these results, we have developed the China Lilang 2024 ESG Materiality Matrix, which serves as a key reference for strategic planning and decision-making.

The materiality assessment steps



Materiality Matrix of China Lilang



PROTECTING THE EARTH

This chapter responds to

United Nations Sustainable Development Goals (SDGs)



Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

- A1 Emissions
- A2 Use of Resources
- A3 The Environment and Natural Resources
- A4 Climate Change
- B6 Product Responsibility

Faced with global climate change, China Lilang takes on the role of a guardian of the planet with a strong sense of responsibility and forward-thinking strategy;We have established a robust ESG governance system to ensure the effective implementation of our sustainability strategies;We enhance energy and water resource management to improve resource efficiency;We use eco-friendly materials, refine production processes, and launch green, healthy products;We also actively embrace digital transformation to optimize resource allocation through smart technology, reducing energy consumption and waste.

03

3.1 CLIMATE ACTIONS

3.1.1 GOVERNANCE

To effectively address the challenges of climate change, China Lilang has established a dedicated ESG working group and assigned the Strategy and Investment Department to oversee climate-related matters.This working group up with the latest developments in the field of climate change and actively supports external organizations in related initiatives. These efforts aim to address the potential impacts of climate change on business operations comprehensively, ensuring continued progress on the path to sustainable development.

The Board monitors climate-related risks and opportunities during its quarterly meetings to ensure alignment between the Group's strategy and sustainability goals.Additionally, we prioritize enhancing the capabilities of the Board.China Lilang requires all Directors to regularly watch training webinars on connected transactions, notifiable transactions, environmental, social and governance regulations, and reporting. Independent directors occasionally attend courses or seminars on business management and/or corporate governance.All Directors are also encouraged to participate in continuous professional development training to enhance and refresh their knowledge and skills.

Enhancing ESG Training for Executives to Drive Sustainable Development

In 2024, China Lilang collaborated with the sustainability consultancy MSC to conduct a series of targeted ESG training sessions aimed at enhancing the ESG awareness and expertise of senior management. Nearly 100 mid- to senior-level managers participated in the training, with a total of 200 training hours completed.Through comprehensive training and focused workshops, senior executives systematically learned ESG core principles and how to integrate these principles into daily business decisions and management.The training content was closely aligned with the latest developments in ESG and international standards. By using real-world case studies and interactive discussions, the program broadened strategic perspectives, strengthened ESG management capabilities, and provided momentum for the Group's long-term sustainable development.

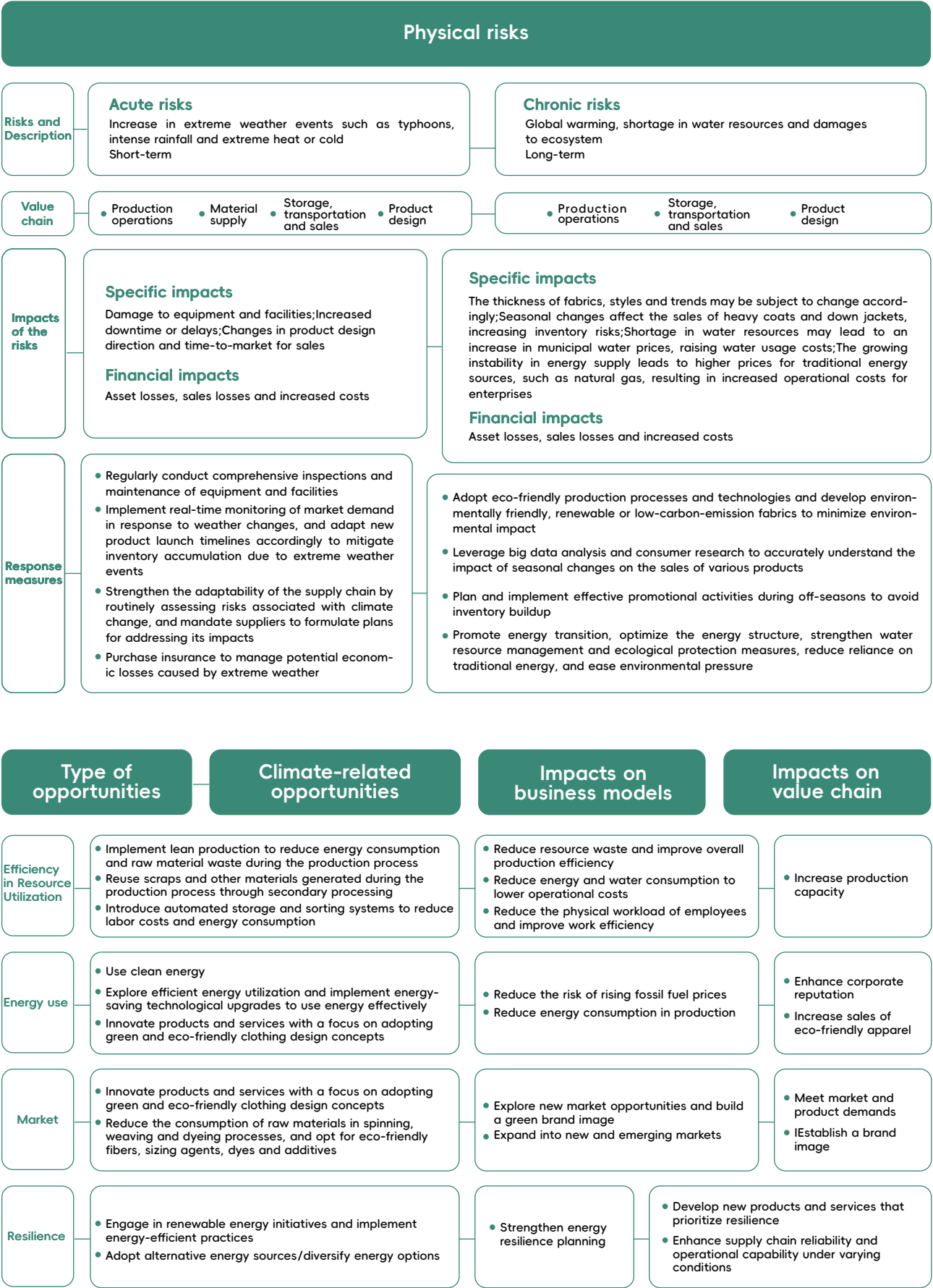
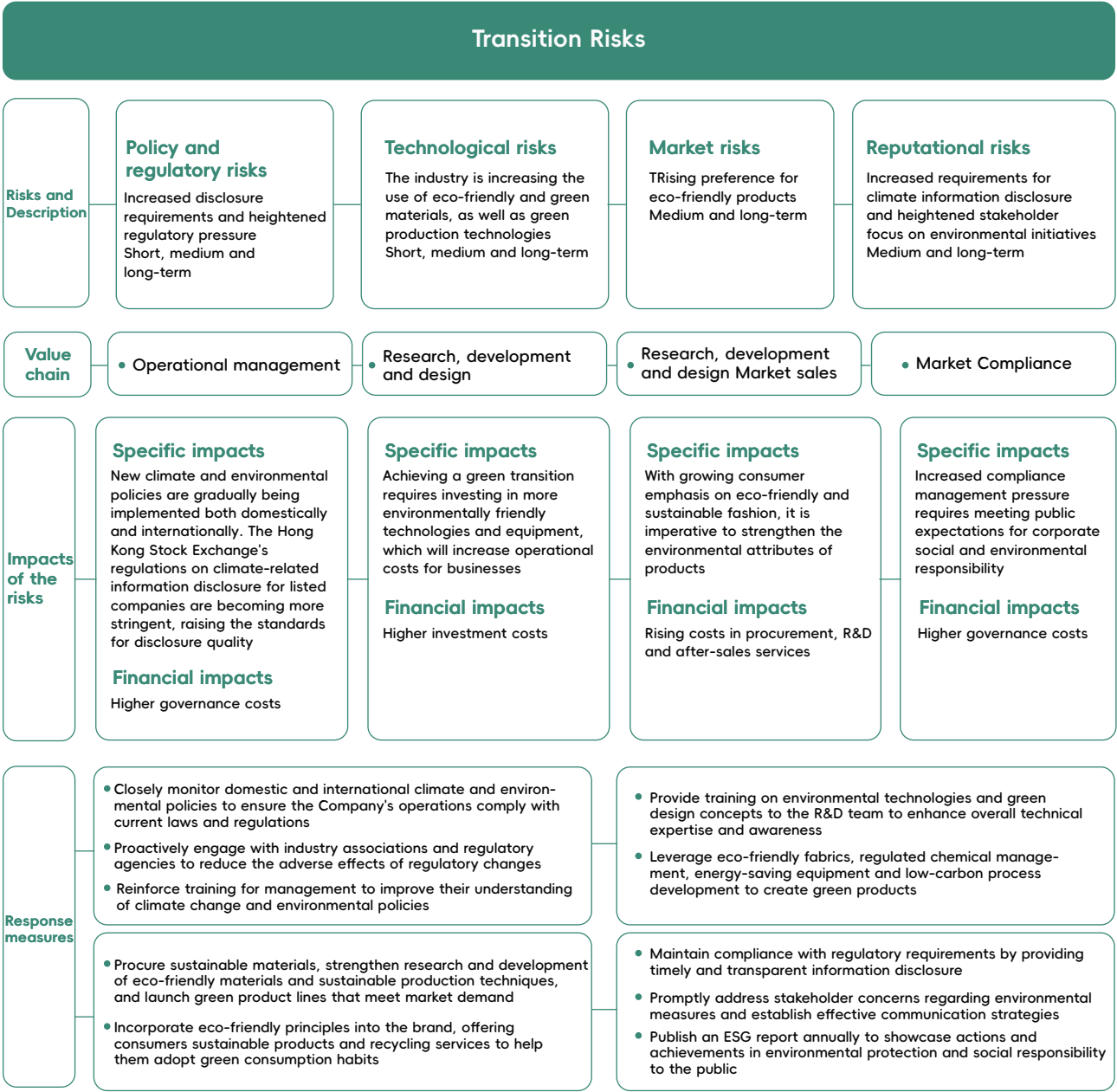


3.1.2 CLIMATE SCENARTIO ANALYSIS

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)				
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														
<ul style="list-style-type: none">Encompassing the core businesses under the Group's operational controlCovering the Fujian Jinjiang headquarters and Wuli parks														
Time Scope														
<ul style="list-style-type: none">Short-term:0 to 1 yearMedium-term:1 to 5 yearsLong-term:5 years or above														
Assumption														
<ul style="list-style-type: none">Analysis conducted in 2024, with projection that the location of assets would remain unchanged for a period of timeMitigation measures would remain unchanged														
Scope of Respon-sibilities					Evaluate climate response measures for five scenarios from a scientific and academic perspective. These scenarios cover the potential range of future develop-ments 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.				
Charac-teristics					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				
Scenarios					<div>>3℃</div> <ul style="list-style-type: none">Very high greenhouse gas emissions scenario (SSP5-8.5)High greenhouse gas emissions scenario (SSP3-7.0) <div>>1.5℃and<3℃</div> <ul style="list-style-type: none">Medium greenhouse gas emissions scenario (SSP2-4.5)Low greenhouse gas emissions scenario (SSP1-2.6) <div>≤1.5℃</div> <ul style="list-style-type: none">Very low greenhouse gas emissions scenario (SSP1-1.9)					<div>>3℃</div> <ul style="list-style-type: none">N/A <div>>1.5℃and<3℃</div> <ul style="list-style-type: none">Stated policies scenario (STEPS)Announced pledges scenario (APS) <div>≤1.5℃</div> <ul style="list-style-type: none">Net zero emissions by 2050 (NZE) 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				
Geo-graphical Coverage					<ul style="list-style-type: none">GlobalRegional data for North America, Europe, Asia, Small Islands, Central and South America, Africa and AustraliaData from individual country/region					<ul style="list-style-type: none">GlobalRegional data for North America, Central America, South America, Europe, Africa, the Middle East, Eurasia and the Asia-Pacific regionData from individual country/region				
										Established by central banks and regulatory agencies, it compiles a set of globally unified transition path-ways, the actual impacts of climate change and economic indicators.				
										Focused on the impact of physical risks, transition risks and opportunities on macro-finance				
										<div>>3℃</div> <ul style="list-style-type: none">Status quo policy scenario <div>>1.5℃and<3℃</div> <ul style="list-style-type: none">Below 2℃ scenarioDelayed transition scenarioNationally determined contributions (NDC) scenarioDivergent policy-driven net-zero scenario <div>≤1.5℃</div> <ul style="list-style-type: none">Net zero emissions by 2050 scenarioLow-demand scenario				
										Every five years before 2050, partially depending on model indicators, with data available as far as 2100				
										<ul style="list-style-type: none">GlobalRegional 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 TARGETS

As global climate change becomes increasingly severe and regulatory requirements continue to tighten, the inventory and monitoring of greenhouse gas emissions have become a key aspect of corporate social responsibility. The main sources of greenhouse gas emissions for China Lilang include purchased goods and services, as well as purchased electricity. The primary emissions come from the Wuli Plant and office locations, generating limited greenhouse gas emissions.

Integrating Value Creation and Environmental Protection to Lead Sustainability in the Apparel Industry

Case

China Lilang has elevated its commitment to green, low-carbon practices and "sustainable development" to a strategic priority. The Company continues to explore the integration of value creation with environmental protection, driving the advancement of sustainable fashion. In support of marine conservation efforts, China Lilang launched the Chinese White Dolphin Environmental Series, which incorporates animal protection themes into its creative designs while exclusively using eco-friendly materials and processes to raise public awareness of protecting the endangered "giant panda of the sea". Subsequently, the Eco-Friendly Recycled Denim collection was introduced, featuring recycled indigo yarn to greatly reduce the consumption of raw cotton, chemical dyes and water resources. In collaboration with China National Geographic, the brand initiated the "See China in Style" Landscape Photographic Contest, transforming artistic interpretations of natural landscapes into textile patterns through innovative weaving techniques, thereby creating a vivid case study of "lucid waters and lush mountains are invaluable assets" in fashion design. Inspired by the concept "Ceramics begin with earth and are shaped by fire," the "Chengqi" Capsule collection integrates natural elements such as pine and bamboo, reflecting the philosophy of harmonious coexistence between humanity and nature. China Lilang continues to embody the spirit of sustainability by launching innovative eco-friendly clothing collections and progressing steadily toward its goals of achieving carbon peak by 2030 and carbon neutrality by 2060.

3.2 NATURE-FRIENDLY

3.2.1 ENERGY MANAGEMENT

China Lilang consistently complies with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations. The Company has enhanced its internal energy management system and is focused on optimizing its energy structure. At present, the Group primarily relies on electricity and natural gas as core energy sources. We are actively advancing energy management efforts to achieve more efficient energy allocation and lower environmental impact, promoting green transformation and sustainable development.

Energy Conservation

China Lilang places great importance on energy conservation and has implemented a series of energy-saving measures to reduce energy consumption. The Group has carried out comprehensive energy management at its headquarters, Wuli Plant and retail stores, significantly reducing energy waste through optimized production processes and improved equipment efficiency. At the same time, we cultivate energy-saving and environmental awareness among employees in daily work activities, encouraging them to adopt green office practices and contribute to creating a green and low-carbon working environment.

Headquarters

- Advocating public transport use among employees; Encourage green commuting by replacing about 80% of the Group's gas vehicles to hybrid electric vehicles.
- Implemented LED lighting systems and established centralized shutdown mechanisms with periodic inspections. Deployed intelligent Building Automation (BA) systems for scheduled remote control of landscape lighting, central air conditioning, and other facility operations, effectively minimizing baseline energy consumption across the premises.
- Promote paperless office practices and encourage employees to reduce paper use with ERP and OA systems.



Wuli Plant

- Upgrade and conduct regular maintenance on production equipment to avoid resource waste caused by ageing or malfunctioning machinery.
- Incorporate inverter technology into air conditioning and ventilation systems to regulate power output according to actual needs, avoiding unnecessary energy waste.
- Design a reasonable natural ventilation system to reduce the use.



Retail Stores

- Introduce energy-saving upgrades to store power supply, lighting, and refrigeration systems by using highly efficient air-conditioning, lighting and cooling equipment.
- Prioritize operating in locations with Green Building Certification.
- Conduct energy-saving training for employees to enhance their energy-saving awareness, as well as encouraging them to adopt energy-saving practices in daily operations.



Steam Energy Conservation System at Wuli Plant

In 2024, Wuli Plant procured and implemented a steam energy-saving device on its production lines, reducing steam consumption by 30% in the steam ironing and shaping processes. The device uses eco-friendly "one steam, dual use" technology to address the issues of "steam-to-water conversion and energy waste" found in traditional systems, thereby conserving energy.



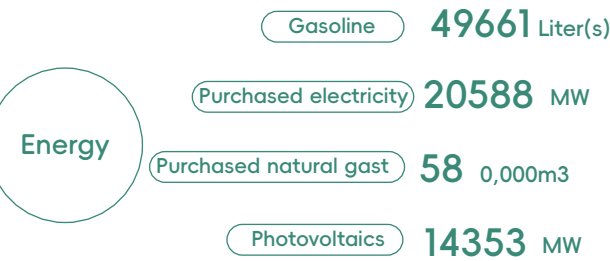
Energy Structure Optimization

China Lilang firmly supports the national strategy for energy structure adjustment, promoting the modernization and sustainable development of the energy structure. We actively respond to policy initiatives by promoting the use of clean energy. Through investments in distributed photovoltaic systems, we not only help alleviate the pressure on traditional energy sources but also reduce carbon emissions, contributing to the goal of green, low-carbon and sustainable development.

Distributed Photovoltaic Power Generation Project

In June 2024, Wuli Plant successfully completed the installation and operation of a 1,900-kW distributed photovoltaic power generation system on the rooftops of its existing facilities. The system is expected to generate an additional 2.4 million kWh of electricity annually. This photovoltaic project is estimated to reduce carbon emissions by 988.94 tons per year, effectively optimizing the Group's energy management system and further advancing its green development strategy.

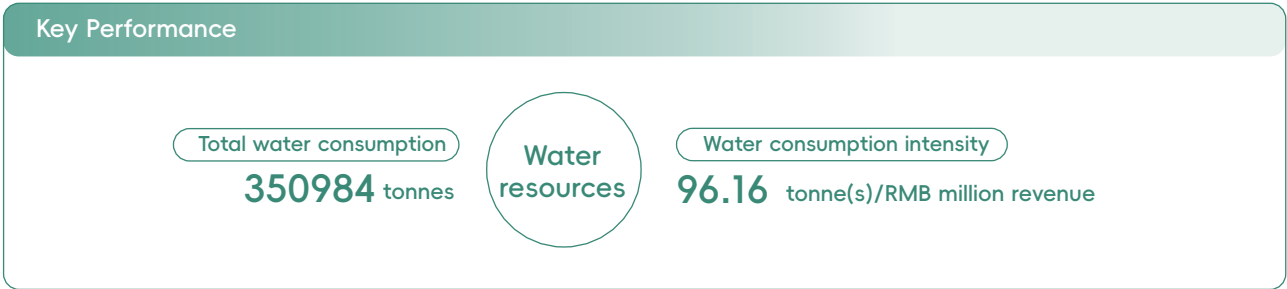
Key Performance



3.2.2 WATER RESOURCES

China Lilang sources its water entirely from municipal supplies, primarily for daily office use and production operations. Recognizing the value of water resources, we place a strong emphasis on water conservation and protection. Therefore, in our daily office and production activities, the Group strictly implements scientific water management practices to minimize water consumption to the greatest extent possible.

With the support of the "Aqueduct" risk assessment tool developed by the World Resources Institute, the Group conducted a comprehensive assessment of water risks at its headquarters and Wuli Plant. The results indicated that both sites are situated in areas with relatively high potential water risks. The Group prioritizes the routine management of domestic water usage, actively promotes water-saving awareness among employees, ensures the efficient and rational use of water resources, and integrates recycling technologies to enhance water utilization efficiency in production processes, thereby fully implementing water conservation practices.



3.2.3 EMISSIONS

China Lilang places great importance on the standardized management of emissions and adopts scientifically sound waste disposal measures to ensure all waste is properly handled. The Group strictly adheres to national and local environmental standards, striving to meet compliance requirements at every stage of production. This ensures truly green and compliant production practices that are eco-friendly.

China Lilang adheres strictly to relevant laws and regulations, including the Solid Waste Pollution Prevention and Control Law and the Measures for the Transfer of Hazardous Wastes. The Group's environmental policies outline clear requirements for hazardous waste management. Given that the Group's production processes mainly involve non-woven fabric manufacturing and dyeing, hazardous waste generation is negligible. The Group employs tailored treatment measures for air emissions, wastewater and other waste materials to minimize the environmental impact of its production activities.

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.

Sewage discharge

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

Scraps wastes

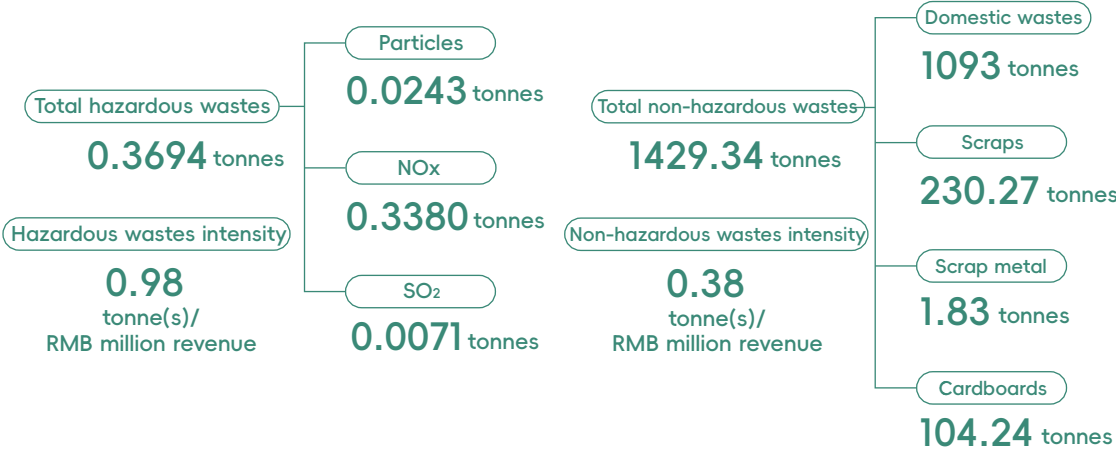
- Optimize technical equipment to control fabric usage, provide training to improve workers' sewing accuracy and regularly send scraps to recyclers for repurposing into various products.

Non-hazardous wastes

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



Key Performance



3.2.4 PACKAGING

China Lilang consistently upholds the concept of green and environmental sustainability in its packaging materials applications. The Group eradicates excessive packaging for its products and utilizes eco-friendly, recyclable paper bags as shopping bags. For certain products that require protection against dirt, dust or damp, alternative materials are used for individual packaging. At the same time, a procurement management plan has been formulated to ensure the careful selection of packaging material suppliers. Packaging material suppliers are engaged through tender, taking into account their ESG performance and ensuring compliance with the requirements of relevant national laws and regulations. The company has implemented phased carbon reduction and climate resilience programs across product and packaging manufacturing, with expanded adoption of low-carbon material alternatives in supply chains.



Key performance



3.2.5 Green Intelligent Manufacturing

LILANZ is actively advancing intelligent manufacturing upgrades and automation transformation to ensure production processes are more efficient, low-carbon, and aligned with sustainable development goals. The company has implemented intelligent production systems in its self-owned factories, significantly enhancing production efficiency, reducing energy consumption, and promoting greener and smarter manufacturing processes.

Intelligent Manufacturing and Automation Technology Applications

LILANZ has comprehensively upgraded intelligent manufacturing and automation technologies in its self-owned factories. The adoption of smart sewing and automated cutting technologies has greatly improved production flexibility and quality consistency while minimizing raw material waste. Intelligent inspection systems have reduced defect rates, further enhancing product quality and resource efficiency. Additionally, the company has deployed automated logistics and intelligent warehousing systems in its logistics parks, optimizing storage and transportation efficiency, enabling precise inventory management, and reducing supply chain waste.

Low-Carbon Manufacturing and Energy Management

LILANZ has introduced intelligent Energy Management Systems (EMS) across production facilities to enable smart energy regulation, reduce operational energy consumption, and minimize unnecessary carbon emissions. Through intelligent management, the company has effectively lowered energy waste in production and logistics operations, fostering a greener and more sustainable manufacturing system.



3.3 QUALITY PRODUCTS

3.3.1 PRODUCT RESEARCH AND DEVELOPMENT

Innovation is the cornerstone of transformationChina Lilang is dedicated to advancing product research and development as well as quality enhancement, striving for excellence in design, craftsmanship and material selection.To date, the Group has established a comprehensive R&D center integrating specialized functions encompassing a fabric development center, a garment fabric research institute, a testing center, a garment design and technical craftsmanship center and an intellectual property protection department.The Group has obtained over 180 effective patents in areas such as yarn, fabric, garments, textile testing and textile equipment.In 2024, the proportion of these products utilizing proprietary fabrics developed by the Group was around 58%.

The path of innovation requires protection.China Lilang places great importance on intellectual property protection. For matters involving existing intellectual property, the Company clearly defines the rights and responsibilities of all parties and addresses them through licensing agreements.Meanwhile, from project initiation to product launch, real-time dynamic monitoring of relevant technologies is conducted throughout the process to prevent infringement incidents.

Key Performance

Obtained **34** new product technology patents



Lilang's EverWhite Wrinkle-Free Polo Shirts

In July 2024, Lilang launched its groundbreaking EverWhite™ Non-Iron Dress Shirt.This shirt incorporates Lilang's dual-patented EverWhite™ technology, which applies specialized treatment to yarns, enabling the fabric to retain over 95% whiteness even after 30 machine washes.Additionally, the 3.5-grade DP Non-Iron Finish and 8-Point Stiffening System ensure the shirt remains wrinkle-free and retains its original shape through 30 washes, eliminating the need for ironing.Revolutionizing the conventional perception of dress shirts—which require frequent ironing and are prone to yellowing—this innovation significantly reduces maintenance efforts for wearers.The product has been officially certified by the World Record Certification Authority (WRCA).



世界纪录官方认证
世界卓越的超强持久白免烫衬衫

持久白免烫衬衫
30次机洗依然免烫如新

利郎 LILANZ

Ice-type Polo Shirts

Lilang's 'Ice Pineapple Polo Shirt' , initially launched in 2022 and further upgraded in 2024, is a summer polo crafted with the brand's proprietary Ice Oxygen Cool fabric technology. This innovative material employs a unique cross-sectional fiber structure to efficiently transfer heat to the outer fiber edges. Additionally, specific elements are infused into the fabric to form a cooling structure, delivering an immediate cooling sensation.



Hydrophobic Downs

Lilang's 2024-Upgraded Water-Repellent Down Jacket 3.0 incorporates Downtek PFC-Free Filling Technology, achieving an industry-leading water-repellent rating of Level 5 for 10,000 minutes. It is treated with eco-friendly nano lipid molecules, fulfilling our commitment to green technology. Furthermore, this down achieves 95% down cluster content and an 800+ fill power, far exceeding most standard down products. This product has been certified by the World Record Certification Agency (WRCA) as the "highest water-repellent down jacket" and has earned the title of "World's Outstanding Ultra-Warm Water-Repellent Down Jacket".



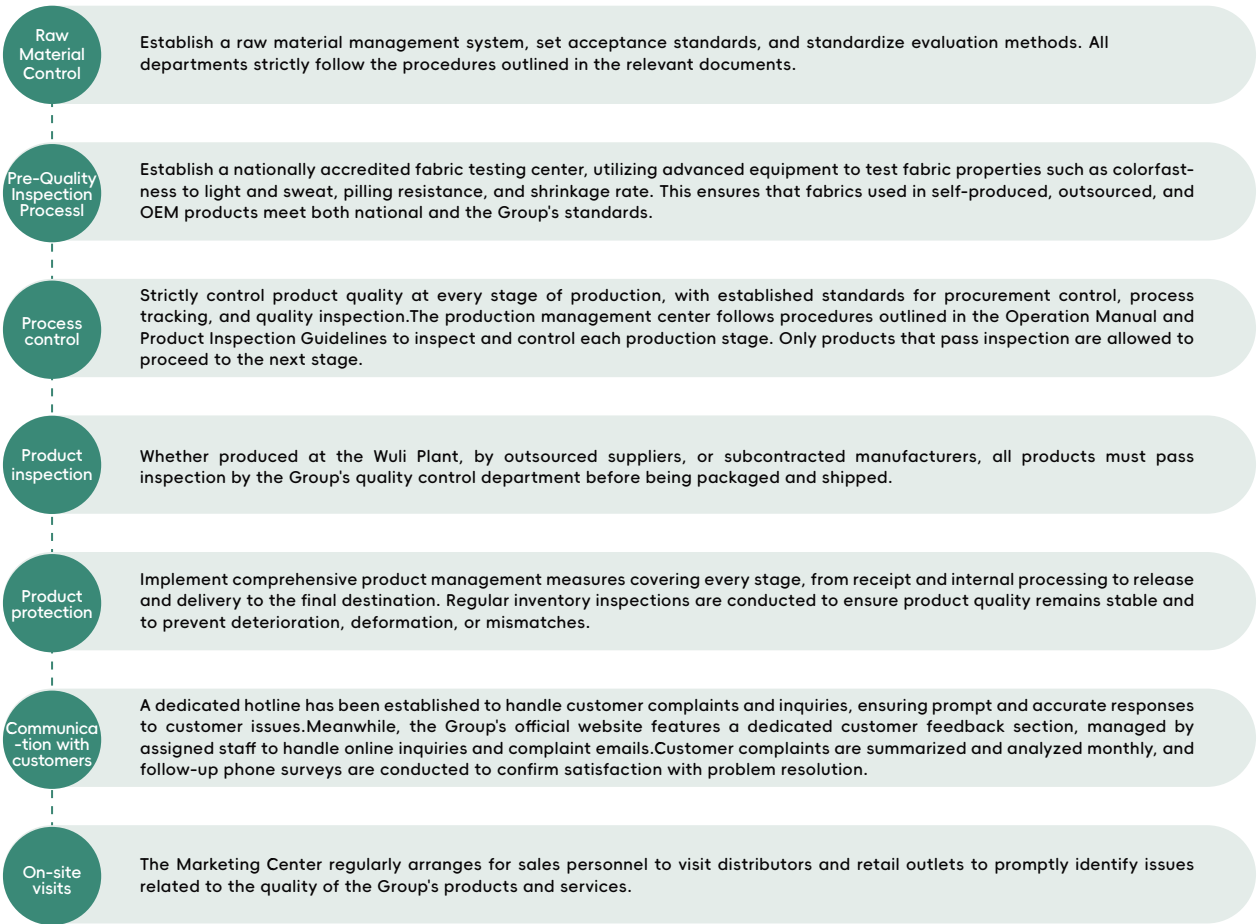
3.3.2 PRODUCT QUALITY

Quality management and control

China Lilang consistently upholds its core quality policy: "quality first, reputation foremost, pursuing perfection, and satisfying customers." The Group is committed to providing exceptional products and services. It has established a comprehensive and rigorous product quality management system that spans the entire product lifecycle—from initial market research and design development to raw material procurement, production, final product delivery, and market feedback. Over 50% of the cotton used in the Company's products is traceable to its origin, promoting and achieving responsible production. Throughout this process, strict end-to-end management is implemented to ensure every stage meets established quality standards and customer needs.

System Certification ISO9001 Quality Management System Certification

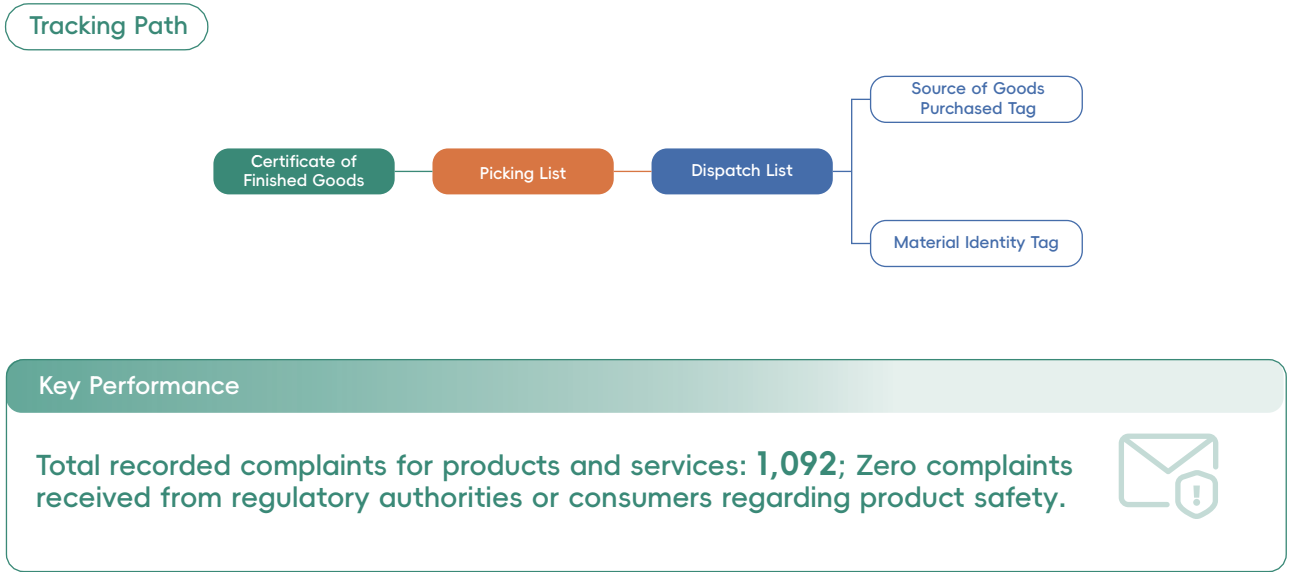
Product Control Process





Supervision and inspection

The manufacturing process is the core aspect of ensuring quality. To effectively monitor this process, the Group strictly controls all factors affecting product production and implements clear labeling throughout the manufacturing process to identify products and track their status. The complete manufacturing history of a product is traceable using the production date, batch number, and product inspection report. Raw materials can be traced back to their origin, and each garment has a unique code that links it to its fabric, production facility (outsourced or in-house), and even the production team.

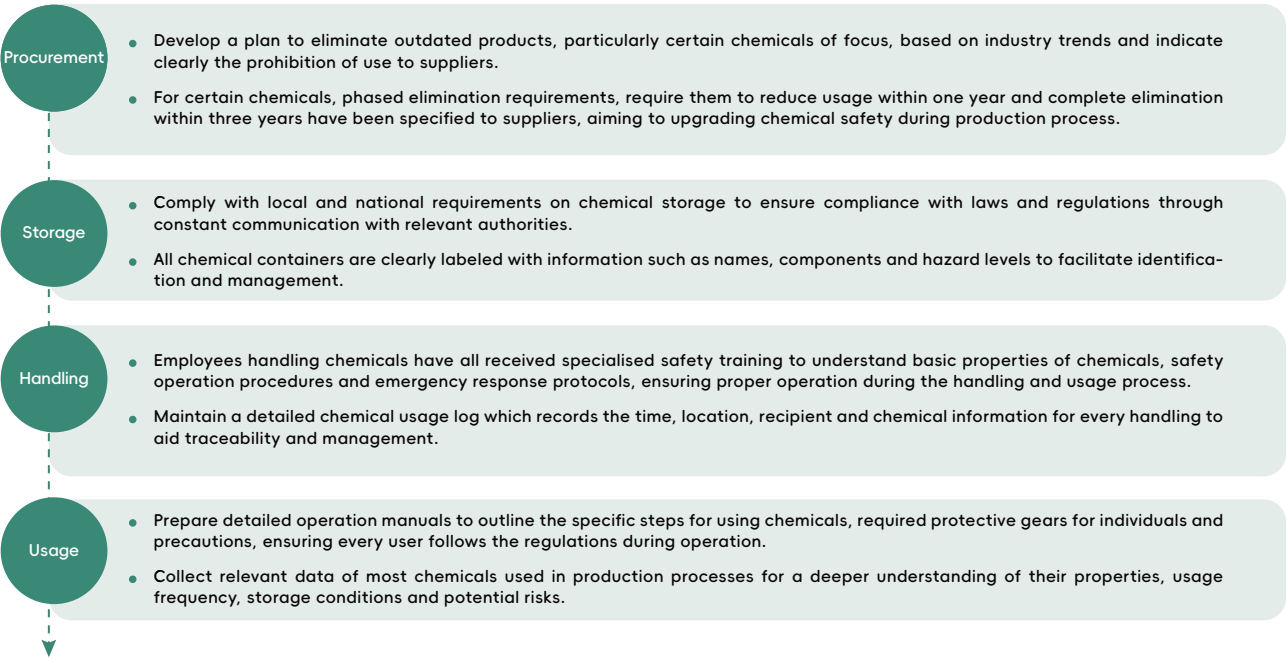


3.3.3 CHEMICALS CONTROL

Chemicals Management

LILANZ fully recognizes the critical importance of chemical safety for product quality, environmental protection, and consumer health. The company strictly adheres to industry standards by establishing and implementing comprehensive chemical control policies. Internally, LILANZ has developed the Technical Requirements and Implementation Guidelines for Restricted/Prohibited Chemical Substances in Apparel, which clearly defines banned and restricted chemical substance lists and related technical standards for garments, ensuring chemical safety from the source. Additionally, the Group enforces strict lifecycle management of chemicals across procurement, storage, usage, and disposal, with dedicated supervisory roles to ensure proper safety protocols. No major chemical leakage incidents occurred during the reporting period.

In chemical safety management, LILANZ has long advanced a substitution program for Substances of Very High Concern (SVHC), reducing reliance on potentially hazardous substances while optimizing its chemical management system. The company regularly reviews and updates assessment criteria in compliance with China’s key regulations, including the Regulation on the Environmental Management Registration of New Chemical Substances, to ensure transparency and regulatory compliance. Looking ahead, LILANZ is actively pursuing long-term goals to expand the scope of hazard assessments, streamline evaluation processes, and strengthen collaboration with industry standards organizations to promote high-standard chemical management practices. Concurrently, the company is driving supply chain transparency by working with partners to explore stricter chemical standards, accelerate SVHC substitution, and advance green chemistry innovation through cross-departmental collaboration and new technologies, delivering safer and more eco-friendly products to consumers.



Waste Management

China Lilang strictly follows professional principles in the collection, storage, and disposal of chemical waste liquids to ensure no environmental pollution occurs. Laboratory-generated chemical waste in small quantities is transferred to qualified third-party agencies for appropriate handling. For strictly controlled chemical substances, China Lilang has established clear regulatory agreements with the Fujian Fiber Inspection Bureau. Upon reaching a certain threshold, these substances are promptly transferred for regulatory oversight. The Group maintains a commitment to transparency by publicly disclosing the regulatory registration and usage status of these critical chemicals.

Product Safety and Transparent Operations

LILANZ is committed to enhancing product ingredient transparency to safeguard consumer and stakeholder rights to information and support informed decision-making. The company strictly complies with the National Technical Code for Basic Safety of Textile Products (GB18401-2010) and has formulated the Technical Requirements and Implementation Guidelines for Restricted/Prohibited Chemical Substances in Apparel, which explicitly lists banned and restricted chemical substances while specifying technical requirements, testing methods, and implementation standards to ensure product quality and safety.

Currently, LILANZ has published complete ingredient lists for select core products, including functional descriptions and safety information, with plans to expand disclosure coverage. All newly developed fabrics must undergo in-house standardized testing to guarantee compliance. The company provides multi-dimensional insights into product composition through public formulas, professional ingredient explanations, and access to third-party certification reports, detailing functional attributes, potential impacts, and safe usage guidelines. Moving forward, LILANZ aims to broaden the scope of full ingredient disclosure to cover at least 30% of its product lines and upgrade its digital inquiry system to improve information accessibility.

3.3.4 GREEN PRODUCTS

Amid the growing challenges of global climate change, green products have emerged as a key factor in driving sustainable growth for enterprises. China Lilang embraces a profound sense of mission and responsibility, dedicating itself to the development of eco-friendly products. Through the careful selection of eco-friendly materials and the implementation of green production techniques, the Company actively drives the green transformation of its products, contributing to significant progress in its sustainability journey and position itself as a leader in guiding the industry toward a more sustainable and environmentally conscious future.

Handpicked, High-Quality Materials

Sustainably produced raw materials not only reduce the over-extraction of natural resources but also lower the carbon footprint during production. China Lilang strictly controls the quality of raw material selection, prioritizing natural fibers and recycled materials with strong ecological performance, such as organic cotton, bamboo fiber, and recycled polyester. These fabrics not only offer excellent comfort and durability but also have a relatively low environmental impact throughout their life cycle, helping to reduce the textile industry's strain on natural resources.

We have been continuously increasing R&D investments to actively explore green alternative materials, aiming to enhance product recyclability and biodegradability, thereby further reducing environmental impacts.

In addition, China Lilang upholds the principles of sustainable development in its supply chain management, with a particular focus on establishing partnerships with internationally certified green suppliers. We prefer suppliers certified under standards such as HIGG FEM1 [HIGGFEM Certification: The HIGG Facility Environmental Module (HIGGFEM), developed by the Sustainable Apparel Coalition (SAC), evaluates the environmental performances of manufacturing plants of apparel and footwear products.] and GOTS2 [GOTS Certification: The Global Organic Textile Standard (GOTS) ensures that textile products retain their organic integrity from the status of raw materials to finished goods.] for fabrics, accessories, and packaging materials. Through these collaborations, we ensure that the raw materials utilized are of superior quality and are produced with reduced environmental impact. We are confident that these initiatives enable us to provide consumers with more environmentally friendly and sustainable product options while contributing positively to the preservation of the environment.

Key Performance

The total amount of eco-friendly fabrics used by China Lilang in garment production:

6,406,736 pieces

The proportion of garments made from eco-friendly fabrics in the total production:

54.24%

Key Performance

Supplier Certification Status

45 suppliers have obtained HIGG FEM certification

18 suppliers have obtained GOTS certification

96 suppliers have obtained GRS certification

13 suppliers have obtained Bluesign Certification³

Sustainable Materials

Bio-Based Nylon Rainproof Material

- This Material is made of bio-based polyamide fabric combined with a TPE bio-based nylon film. The bio-based polyamide fabric is derived from renewable biomass materials, while the TPE nylon bio-based film utilizes over 40% renewable energy sourced from castor plants.
- Compared to traditional petroleum-based polymers, the design of this material reduces reliance on fossil fuels during production and lowers greenhouse gas emissions.





Recycled Rainproof Fabric

- This Material collection uses GRS-certified recycled yarn, made by converting recycled plastic bottles into high-performance regenerated polyester fiber. This eco-friendly material leaves a smaller environmental footprint during production while maintaining the same functionality as traditional polyester fiber.
- The outer fabric and inner membrane of this Material are made from recycled fibers. These materials not only provide waterproof and breathable functions but also incorporate eco-friendly design principles.

① HIGGFEM Certification: The HIGG Facility Environmental Module (HIGGFEM), developed by the Sustainable Apparel Coalition (SAC), evaluates the environmental performances of manufacturing plants of apparel and footwear products.

② GOTS Certification: The Global Organic Textile Standard (GOTS) ensures that textile products retain their organic integrity from the status of raw materials to finished goods.

③ Bluesign Certification: Such certification is designed to promote sustainable development, mitigate the impacts of the textile and manufacturing industries on the environment and ensure the safety and quality of products. Blue Label certification encompasses the entire supply chain, from the production of textile raw materials to the manufacturing and sales of finished goods.

Sustainable Materials	Sustainable Attributes
<div>Recycled PET Fabric</div> <div></div>	<ul style="list-style-type: none">This Material utilizes discarded plastic bottles and old clothes, transforming them into high-performance fibers. This approach significantly reduces the environmental footprint during production while achieving the same functional performance as virgin polyester fibers.This Material is certified by the Global Recycled Standard (GRS) and features complete production traceability records and built-in identifiers.
<div>TPE Recyclable Membrane</div> <div></div>	<ul style="list-style-type: none">This Material is meticulously designed with a three-layer composite material structure, including premium outer fabric, 100% pre-consumer recycled TPE film, and 20D/50D post-consumer recycled yarn single-layer fabric.This structure not only ensures the product's high recyclability and regenerability but also significantly enhances its eco-friendly attributes, reflecting a commitment to sustainable development.
<div>Recycled Nylon Fiber</div> <div></div>	<ul style="list-style-type: none">The Material in this collection are designed with an eco-friendly concept, utilizing pre-consumer waste such as discarded yarn and scraps from the production process. These materials are regenerated into high-quality nylon chips through advanced conversion techniques.This innovative craftsmanship not only improves resource recycling efficiency but also reduces reliance on new raw materials, thereby lowering the environmental impact of production. Through melt spinning technology, these regenerated nylon chips are further processed into nylon fibers of various specifications, which are used to produce eco-friendly garments. This maximizes resource recycling and minimizes environmental impact.
<div>Recycled Elastane Blend</div> <div></div>	<ul style="list-style-type: none">This Material uses advanced polymerization technology to effectively convert recycled waste materials into polymers and fibers, maximizing resource recycling. The process results in the production of recycled and regenerated nylon-covered spandex fabric.Polyester fibers produced using this method achieve the same performance while significantly reducing their environmental footprint. This product is certified by the Global Recycled Standard (GRS) and features production traceability records and built-in identifiers.

Eco-Friendly Production

China Lilang also focuses on reducing energy consumption during production. The Group is committed to developing green and eco-friendly production technologies by adopting advanced processing techniques to minimize energy use throughout the production process. It continuously explores innovations and applications in green technologies. To reduce resource usage in denim production, China Lilang has implemented the latest washing techniques for certain denim products, reducing water consumption by an average of 20% while also saving labor and energy.

System Certification

ISO 14001 Environmental Management System Certification for Wuli Plant

Adoption of Eco-Friendly Processes

Eco-friendly production processes and techniques are employed, including eco-friendly pre-treatment methods such as refining. High-efficiency, short-process steaming one-step methods for scouring and bleaching, as well as low-alkali or alkali-free and oxygen-free pre-treatment processes like cold pad batch, are utilized to reduce energy consumption.

Energy-Saving Green Production

The processes of mechanical finishing, low-temperature ion treatment, and foam post-treatment are implemented to significantly reduce water vapor and energy consumption. These measures also reduce wastewater discharge, streamline sewage treatment, mitigate pollution risks to human health and the environment, and decrease carbon emissions.

Zero-Dye Suits

China Lilang's "Zero-Dye" suit is made by blending zero-dye fibers into yarn, mixing two or more colored fibers. This process significantly reduces dyeing and finishing procedures, achieving zero water usage during the coloring process. This product reduces carbon emissions by approximately 30% and water usage by over 70% per meter of fabric. It has been certified by the FSC (Forest Stewardship Council), OEKO-TEX (Eco-Text Standard), and GRS (Global Recycled Standard).



Green Product Certification

China Lilang is dedicated to building a green product system, supported by multiple international certifications to ensure environmental friendliness throughout the product lifecycle and fulfill social responsibilities. This reflects its leadership and commitment in the green product field, emphasizing resource recycling and reducing environmental impact within its production processes. These efforts strongly contribute to the steady achievement of sustainable development goals.

Certification of Certain Product Categories

- The primary labels and wash labels are certified under the FSC Forest Certification, SMETA Labor and Social Responsibility System, and ZDHC Zero Discharge of Hazardous Chemicals program.
- Leather suppliers are certified with the LWG Gold Certification from BLC and the Intertek Green Leaf Certification, ensuring adherence to high environmental and quality standards.
- The shoe boxes are certified with FSC Forest Certification, WCA Social Responsibility System Certification, and Carbon Footprint ISO 14067 Certification.
- Down products are certified with RDS, OEKO-TEX 100, GRS, and other certifications, strictly adhering to waterfowl animal welfare standards.
- Zipper products are certified by CNAS Laboratory, OBP Ocean Plastic, China Green Product, and Carbon Footprint ISO 14067, fully embodying the principles of sustainable development.

3.3.5 RESPONSIBLE MARKETING

All product labels of China Lilang strictly comply with the Trademark Law of the People's Republic of China, clearly indicating fabric fiber content, washing instructions, and other relevant information. All brand and product advertisements comply with the provisions of the new Advertising Law of the People's Republic of China. For any counterfeit "LILANZ" trademark products found in wholesale markets or online, the Group will immediately report them to the relevant authorities upon discovery. During the Reporting Period, no major violations related to product and service labeling, advertising, or privacy issues occurred.

3.4 DIGITAL INTELLIGENCE EMPOWERMENT

Amid the wave of digital transformation, China Lilang fully leverages cutting-edge technologies such as the Internet, IoT, and big data to enhance the entire product manufacturing and retail chain. This approach optimizes resource allocation, reduces energy consumption and waste generation, and drives green manufacturing. At the same time, intelligent business processes improve operational efficiency, lower the carbon footprint, and promote sustainable development. The deep integration of the digital economy with the real economy not only facilitates the Company's upgrade but also sets an example for green development in the industry.

3.4.1 Digital Low-Carbon Transformation

LILANZ remains committed to driving green and low-carbon transformation across manufacturing, supply chains, and logistics systems. The company has implemented carbon reduction and energy optimization initiatives in multiple areas, including self-owned factories, supply chain partnerships, logistics distribution, and retail stores, to establish an efficient and sustainable operational framework.

Low-Carbon Manufacturing and Smart Factories

LILANZ has initiated carbon reduction and energy optimization programs in its self-owned factories, integrating them into a comprehensive framework for energy efficiency and emission reduction to build a green, high-performance manufacturing system. The company actively promotes renewable energy adoption, gradually deploying photovoltaic power generation and Intelligent Energy Management Systems (EMS) in its factories and headquarters to transition manufacturing processes toward green energy. Concurrently, LILANZ continues to advance smart manufacturing by introducing energy-saving equipment, low-carbon process upgrades, and production workflow optimization, ensuring annual reductions in energy consumption and carbon intensity. Regular energy audits further drive reductions in per-unit energy consumption at self-owned factories, while collaborative low-carbon partnerships with suppliers enhance supply chain sustainability.

Green Logistics and Low-Carbon Transportation

LILANZ has implemented integrated carbon reduction strategies in transportation and logistics, covering fleet optimization, route planning, and packaging improvements. The company is progressively adopting new energy vehicles at key logistics hubs and consolidating decentralized warehousing resources through newly built logistics parks to improve fulfillment efficiency and reduce transportation-related emissions. Logistics parks are equipped with smart devices such as Automated Guided Vehicles (AGVs) to streamline cargo handling, while administrative fleets are transitioning to new energy vehicles to minimize overall carbon footprints. Additionally, Intelligent Energy Management Systems (EMS) are deployed in major warehouses and distribution centers, and smart logistics and inventory optimization further reduce energy consumption in storage and delivery, lowering supply chain emissions.

Energy Management in Stores and Distribution Centers

LILANZ actively promotes energy optimization programs across all directly operated stores and distribution centers. By utilizing Intelligent Energy Management Systems (EMS), the company optimizes lighting, air conditioning, and heating systems in stores, employing LED lighting and smart sensor technologies to enable real-time energy monitoring and dynamic adjustments, effectively lowering energy consumption. LILANZ aims to integrate all directly operated stores into its energy efficiency optimization plan by 2028 and will regularly disclose progress in ESG reports to ensure retail and logistics operations align with global sustainability standards.

3.4.2 INTELLIGENT MANUFACTURING

China Lilang is dedicated to advancing intelligent manufacturing by constructing state-of-the-art smart factories. These facilities leverage automation, digitization, informatization, and visualization to establish an integrated intelligent manufacturing management platform. The smart workshops seamlessly connect operations, planning, and the entire production lifecycle, achieving intelligent equipment, system, and management capabilities. With an automation level of 70% and over 50 industry innovations, the smart factories serve as benchmarks for intelligent transformation in the apparel sector, driving technological progress within the industry.

The smart factory employs modular production techniques and dynamic balancing strategies to consolidate small-batch orders into large-scale production, enhancing efficiency. The implementation of the MES production management system, integrated with ERP and CRM systems, facilitates real-time monitoring of production data and bi-directional information flow. Furthermore, interconnectivity between devices allows for physical connection and data sharing among production equipment. Inside the factory, automated systems such as AGV conveyor lines, flexible racks, and powered horizontal storage units enable logistics automation. This creates a fully automated, smart production system, setting a new direction for intelligent development in the apparel manufacturing industry.

Automated Production Lines

- Intelligent machinery and automated production lines replace manual labor, enabling an integrated production from raw material processing to final product assembly.
- Equipment such as spreading machines, automatic cutting tables and sewing machines are interconnected through an information system, promoting data sharing and remote control to enhance synergistic production efficiency.

Digitalized Information Management

- The integration of systems such as ERP and CRM through the MES system can monitor production data in real time and allow two-way information sharing.
- The system covers all steps of production from cutting, sewing to finishing, ensuring the transparency and traceability of the data.

Visualized Production Command Center

- A central control panel with high-definition displays present real-time production data and KPIs to help managers making prompt decisions.
- Data analysis tools predict potential failures and enable maintenance in advance to prevent malfunction and minimize losses.

Automated Logistics System

- Adopt such technologies as Automated Guided Vehicles (AGV) transport lines, flexible racks and powered horizontal storage units to realize automated storage and sorting of fabric pieces and garments and reduce delays and errors during logistic process.
- Store and sort fabric pieces automatically through dynamic storage units and smart sorting systems to ensure quick and accurate delivery to the right working stations when needed.

Flexible and Adaptive Manufacturing

- Adopt modular production method to combine small orders into larger batches for production and to enhance production efficiency and flexibility through centralized professional skills.
- Analyze production data collected for the optimization and adjustment of production plans while improving the accuracy of production forecast.

Consolidated Production of Garment Pieces Using Hanger Systems

Case

China Lilang's smart factory adopts a hanger-based garment piece consolidation production model. Using a self-developed hanging system, each hanger can hold up to 30 fabric pieces simultaneously. As the garments flow along the hanging line, the system automatically identifies and sorts them by size and color, reducing the need for manual operations and minimizing errors. This enables a modular assembly line and a "move-and-match" production method.

Additionally, the smart factory emphasizes environmental protection and sustainable development. During construction, green building standards were adopted. After becoming operational, the factory uses automation and digitization to implement intelligent energy management, achieve precise material cutting, and reduce waste generation. These measures effectively lower carbon emissions during production and help protect the 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.

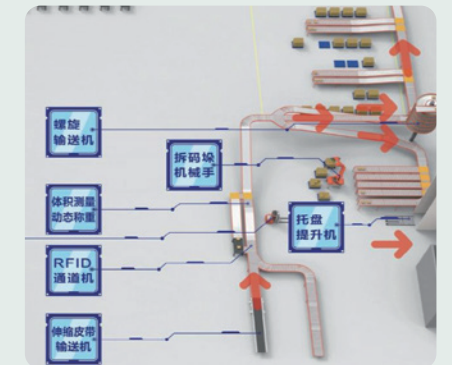
3.4.3 INTELLIGENT LOGISTICS

The new storage and logistics center plays a crucial role in China Lilang's omnichannel logistics reform. The Group is committed to improving fleet, route, and loading/packaging optimization. The newly built logistics park replaces previously scattered warehouses, transforming the linear logistics system of cloud warehouses, logistics parks, factory warehouses, regional warehouses, and store warehouses into a networked system. By enabling direct single-item delivery to individual stores and users, energy-saving and emission reduction measures are implemented in the transportation and logistics processes. Additionally, the logistics park employs equipment such as AGVs to assist in transporting goods, and the administrative fleet has transitioned to new energy vehicles, effectively reducing energy consumption and carbon emissions, contributing positively to the achievement of sustainable development goals.

Lilang's Smart Logistics Park relies on advanced software such as ERP, WMS, and WCS to form the central nervous system of its logistics operations. Within the Park, the intelligent receiving system works closely with the ASRS to achieve precise material management and efficient storage. The automatic de-palletizing and replenishment system ensures timely restocking of shelves, maintaining high operational efficiency in the picking area. With the application of the cross-belt intelligent sorting system, both offline store supply and online order processing achieve fast response and precise matching. Meanwhile, the dedicated return quality inspection hanging conveyor sorting system effectively simplifies reverse logistics processes, ensuring smooth product returns.

Smart Receiving System

Upon arrival, goods are automatically transported to the designated receiving area via a telescopic conveyor. During the receiving phase, the RFID gate system automatically detects cargo chips, ensuring accurate verification of product type, quantity, and batch details. Subsequently, the goods undergo volume and weight measurement, with the data accurately recorded for further processing. The de-palletizing robot then replaces manual labor to complete the palletizing of goods. Once palletized, the products are transported by elevators to the second-floor inbound conveyor system and picking area for replenishment. They are then accurately delivered to the designated shelving zones using a spiral conveyor system. This process achieves automation and digitization of logistics, enhancing the efficiency and accuracy of receiving and warehousing.



3.4.4 SMART RETAIL

China Lilang has proactively adapted to retail industry transformation trends by integrating cloud warehouses via its self-developed collaborative system with major omnichannel platforms including physical stores, WeChat Mall, Tmall, JD.com, and Douyin (TikTok) e-commerce channels. This technological integration has established a comprehensive marketing network bridging offline retail outlets and online stores. Simultaneously, the Group has optimized next-generation retail operational systems through extensive application of RFID chip technology, developing an omnichannel sales service ecosystem dedicated to delivering convenient, efficient, and personalized premium consumer experiences.

Order Matching and Shipping

By implementing the shipping principle of "single-item from the nearest location, multi-item from the most complete source", the Company ensures an enhanced shopping experience for customers.

Precision Marketing

Through the integration of online and offline omnichannel membership data, combined with in-depth analysis of member tags and consumption behaviors, the Company enables highly targeted and precise marketing initiatives.

SUSTAINABLE SUPPLY CHAIN

This chapter responds to

United Nations Sustainable Development Goals (SDGs)



Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

B5 Supply Chain Management

China Lilang integrates sustainability into its supply chain management framework by forming a specialized Supply Chain Committee, proactively assuming responsibility for monitoring the environmental and social compliance of its suppliers. We have adopted a "Responsible Procurement" policy and established a comprehensive supplier evaluation system. This initiative aims to enhance supplier capabilities, enforce strict accountability for underperforming suppliers, foster a healthy industry ecosystem, and advance the sustainable development of the supply chain.

04

4.1 RESPONSIBLE PROCUREMENT

4.1.1 ACCESS AND APPROVAL

To align with China Lilang's development needs and the modernization trends in supplier management, we have implemented a strict supplier onboarding and review mechanism. China Lilang has implemented management systems, including the Basic Threshold for Supplier Cooperation, and established a Supplier Management Committee to set clear standards for the development and management of new suppliers. In the process of onboarding new suppliers, we adhere to established policies by rigorously evaluating their basic information, supply quality, delivery capabilities, corporate structure, and management practices. Additionally, on-site inspections are carried out to ensure that suppliers can consistently deliver high-quality products. LILANZ has been intensifying responsible raw material procurement initiatives and established clear, measurable targets to reduce the environmental footprint of its supply chain while enhancing transparency.



On-site Inspection

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

4.1.2 SELECTION AND USE

China Lilang places a strong emphasis on supplier compliance and gives priority to collaborating with well established large-scale enterprises. We focus on suppliers' performance in environmental protection, labor management, and health and safety across their production and operation. This allows the Group to effectively identify and mitigate potential sustainability risks within the supply chain, achieving green and responsible sourcing. Meanwhile, we are committed to preventing unethical practices such as non-transparent operations and kickbacks in the procurement process. By establishing and enhancing a robust procurement management system, we aim to drive the sustainable development of the supply chain and achieve responsible sourcing.

Simultaneously, LILANZ remains steadfast in its commitment to sustainability principles and drives responsible raw material procurement to minimize environmental and social impacts. The company is advancing cotton sourcing compliance with stricter sustainability standards, prioritizing third-party certified materials such as organic cotton and recycled cotton during procurement to mitigate the ecological footprint of conventional cotton cultivation.

LILANZ is progressively phasing out controversial materials across its supply chain. To achieve this, the company collaborates closely with suppliers to establish traceability systems and conducts regular supply chain due diligence audits, ensuring regulatory compliance and sustainability integrity.

Responsible Procurement

- LILANZ remains committed to its responsible procurement strategy, ensuring that core raw materials for products comply with international sustainability standards such as GOTS and Fair Trade certifications. The company is progressively increasing the proportion of sustainable materials (e.g., organic cotton and recycled polyester) to minimize the environmental footprint and enhance supply chain transparency through blockchain-enabled traceability systems.

Environmental Protection

- We are proactive to respond to national environmental policies by requiring all major raw material suppliers to comply with Environmental Protection Law of the PRC. Suppliers with ISO14000 environmental management accreditation would be prioritized in the selection process.
- We have formed a dedicated group to review the information of production suppliers, and all licenses will be imported into our system. All dyeing factories, hardware electroplating, hardware painting, and washing suppliers are required to have local pollutant discharge permits.

Labor Standards

- Suppliers are strictly required to comply with the Labor Law of the People's Republic of China, and other laws and regulations. We have zero tolerance for employment of child labor, forced labor and etc., and we adopt a zero-tolerance policy toward suppliers with severe violations.

HEALTH AND SAFETY

- Suppliers are required to establish a comprehensive safety responsibility system and related regulations, adopt corresponding safety measures, and improve production safety conditions. During our collaboration processes, priority will be given to suppliers with occupational health and safety certifications.

Key Performance

Number of suppliers

275

Supplier(s)

By geographical region

The PRC

266_s

Overseas

9_s

4.2 SUPPLIER ASSESSMENT

4.2.1 SUPPLIER EVALUATION

China Lilang has established a robust and comprehensive supplier performance evaluation framework. to strengthen the overall efficiency of the supply chain through meticulous management. The supplier evaluation criteria encompasses four key components: evaluation dimensions, frequency, methods and handling mechanisms. It ensures the comprehensiveness and effectiveness of evaluation process. By leveraging on this system, we can regularly review the performance of our partners, promptly identify and address potential supply chain risks, and enhance the overall quality and stability of the supply chain, laying a solid foundation for the long-term and steady operations of the Group.

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.

Key Performance

ESG compliance assessment coverage achieved across supplier base

100%

The Group classifies suppliers into five grades (S/A/B/C/D) based on supplier evaluation results. Specifically, S/A/B-grade suppliers are designated as preferred partners for prioritized collaboration, C-grade suppliers are managed as general vendors with cooperation scale controlled according to product requirements, while D-grade suppliers are identified as disqualified and will have their business relations terminated.

By continuously monitoring supplier performance and dynamically adjusting ratings, covering areas including but not limited to performance assessment, compliance review and market adaptability evaluations, the Group ensures timely reflection of changes in service quality and collaboration value, allowing for flexible rating adjustments. This initiative encourages suppliers to pursue continuous improvement and upgrades while ensuring the health and stability of the supply chain ecosystem. It also enhances synergy and efficiency throughout the value chain.

4.2.2 ROUTINE INSPECTION

China Lilang proactively contacts suppliers when their relevant licenses are about to expire and urges them to provide updated licenses in a timely manner. At the same time, we actively encourage suppliers to obtain certifications in key areas such as environmental protection, occupational health, and social responsibility. We also conduct on-site inspections periodically to achieve comprehensive and routine management of suppliers.

Key Performance

Supplier Certification Status

66

suppliers have obtained ISO1400 Environmental Management System Certification

21

suppliers have obtained ISO50001 Energy Management Systems Certification

47

suppliers have obtained ISO45001 Occupational Health and Safety Management Systems Certification

11

suppliers have obtained SA8000 Social Responsibility Standard Certification

Responsible Raw Material Certification and Traceability

LILANZ is committed to building a sustainable supply chain by rigorously implementing sustainability standards in raw material procurement. The company is continuously increasing the proportion of certified materials to reduce environmental impact and enhance product transparency.

Additionally, LILANZ 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 transitioning to low-carbon materials like recycled and organic cotton.

Simultaneously, LILANZ upholds responsible sourcing practices, striving to create a highly transparent and traceable supply chain system that ensures core raw materials meet stringent sustainability criteria. The company is developing digital traceability technologies and collaborative management mechanisms with suppliers to progressively improve material traceability, thereby strengthening supply chain transparency and mitigating environmental and social risks.

4.3 SUPPLIER EMPOWERMENT

4.3.1 ACTIVE COMMUNICATIONS

LILANZ consistently upholds responsible procurement practices, committed to minimizing the environmental impact of raw materials through robust supply chain governance. The company actively establishes collaborative mechanisms with core suppliers, driving the adoption of certified sustainable materials (e.g., Fair Trade cotton, GOTS-certified organic fibers) and ensuring compliance with internationally recognized environmental standards such as ISO 14001 and the OECD Due Diligence Guidelines for Responsible Supply Chains.China Lilang regularly holds supplier conferences, inviting supplier representatives to share production experiences and best practices. A reward mechanism is also in place to recognize technical personnel who propose innovative and efficient solutions, encouraging more talent to unleash their creativity and drive industry progress.At the same time, the Group actively listens to and reasonably adopts supplier suggestions, fulfills its obligations as a purchaser, and conducts regular communication and follow-up visits with suppliers. Through various initiatives, it strengthens collaboration, enhancing suppliers' enthusiasm, stability, and shared sense of responsibility.

4.3.2 PROFESSIONAL TRAINING

China Lilang is committed to building long-term and stable partnerships with its suppliers. The Company provides professional training to suppliers and continuously enhances their expertise through regular training sessions and rigorous evaluations.For upstream suppliers, we provide one-on-one professional development services, covering areas such as inspection and issuance comparison as well as personnel skill training.Additionally, we conduct one to two professional training sessions and targeted guidance annually for processing plants, ensuring suppliers can swiftly adapt to market changes and potential risks, thereby providing strong support for the Company's development.

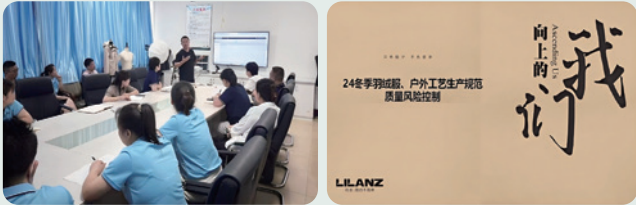
Quality Customer Representative Training

In April 2024, the Group conducted training for quality customer representatives from several apparel partner suppliers.The training focused on the technical requirements for the physical and chemical properties of garment washing, solutions for product process challenges, internal control standards for production technical requirements, and garment inspection methods and acceptance standards. The goal was to continuously refine inspection techniques and improve garment quality.



Product Quality Training

In July 2024, the Group organized a professional training session focused on production standards and quality risk management for winter down jackets and outdoor gear.This session involved core team members from technical R&D, quality control, and production line management, aiming to enhance the manufacturing precision and safety standards of the product lines mentioned above.Through in-depth learning of cutting-edge industry technologies and best practices, this training emphasized strengthening participants' understanding and skills in standardizing processes and preventing potential risks. It also advanced the optimization and upgrading of the suppliers' quality inspection systems.



Quality Inspection and Training for Fabric Supplierst

In August 2024, the Group provided training for fabric suppliers' quality representatives and QC personnel. The training covered fabric appearance inspection standards and self-inspection operation procedures. Employees were guided to strictly adhere to quality inspection requirements, ensuring comprehensive monitoring and supervision of fabrics at all stages of production, hereby ensuring fabrics met quality standards and maintained high quality throughout the production process.



Key Performance

A total of 49 supplier training sessions were conducted.



4.3.3 SUPPORT AND DEVELOPMENT

While pursuing its own growth, China Lilang remains committed to the concept of mutual benefit, actively supporting the development of its suppliers to build a robust supply chain ecosystem.The Group leverages its extensive industry resources and advanced technological capabilities to deeply analyze the actual needs of suppliers and proactively provide quality resources and support, fostering mutual growth with suppliers.

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

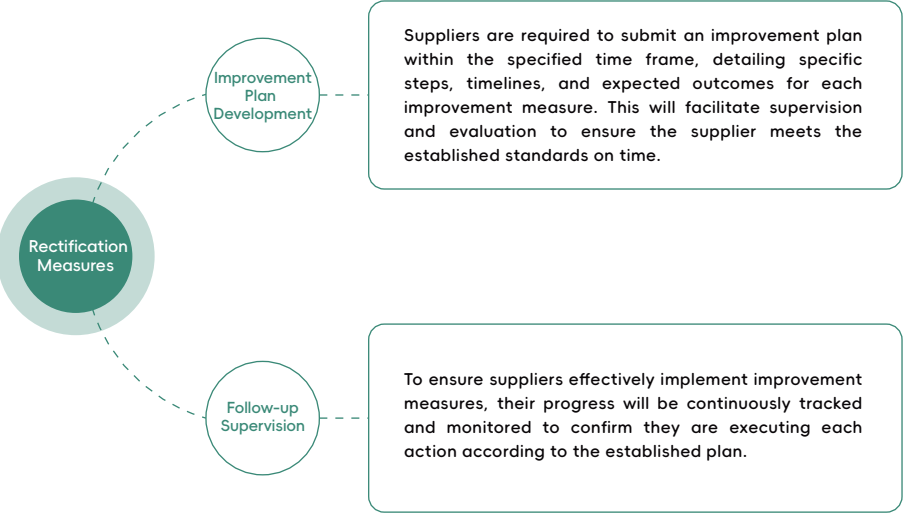


Equipment is provided to processing factories to support suppliers in enhancing their production capacity and technical capabilities. The operational status of suppliers is closely monitored, with necessary support and guidance offered as needed.

4.4 SUPPLIER ACCOUNTABILITY

4.4.1 CORRECTION AND RECTIFICATION

China Lilang, based on its evaluation mechanism, will collaborate with suppliers who fail to meet the set standards to conduct in-depth problem analysis and jointly identify the root causes of underperformance. On this basis, China Lilang will implement targeted corrective measures, providing necessary support and services to help suppliers optimize their operational processes and management systems, thereby improving their overall performance. Through this collaborative improvement approach, China Lilang is committed to building a healthy and stable supply chain partnership, ensuring efficient operations and effective risk management.



4.4.2 REPORTING AND SUPERVISION

To enhance transparency and compliance along the supply chain, China Lilang has established a supplier reporting channel, including a public email box and hotline. This allows employees, customers, and other stakeholders to monitor and report any supplier misconduct to help the Group to identify and address potential risks promptly, safeguarding the Group's interests and reputation while building a more responsible and sustainable supply chain.

05

CARING FOR PEOPLE AND SOCIETY

This chapter responds to

United Nations Sustainable Development Goals (SDGs)



Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

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

China Lilang is committed to balancing business growth with social responsibility. On the path to excellence, we implement scientific talent management strategies, foster a diverse and inclusive work environment, protect employee rights, and provide ample training and development opportunities. We encourage employees to challenge themselves and push beyond limits. At the same time, we actively fulfill our social responsibilities through charitable donations, volunteer activities, and supporting rural revitalization, contributing warmth and positive energy to social development.

5.1 EMPLOYEES

5.1.1 LABOR MANAGEMENT

China LILANZ regards employees as its most valuable asset. We implement scientific talent management strategies to foster a diverse and inclusive workplace, prioritize employee rights and well-being, and inspire their potential, enthusiasm, and creativity. Committed to building an exceptional employer brand, we continuously optimize talent attraction, career development, and employee care initiatives, driving shared growth between the Company and its workforce.

EMPLOYMENT

China Lilang strictly complies with national and local labor laws, including the Labor Law, Labor Contract Law, Minor Protection Law, and Provisions on the Prohibition of Child Labor. Following the principles of fairness, openness, and justice in equal employment, we have established clear recruitment and employment systems. We strictly implement these measures to jointly maintain a fair, inclusive, and diverse workplace with our employees. Amid global economic fluctuations and industry transformation, LILANZ has consistently upheld long-term employment stability policies, with no significant layoffs occurring over the past three years. During business restructuring and optimization, the company prioritizes work-force redeployment, skill enhancement programs, and internal mobility support to ensure ample career development opportunities for employees.

Core Business Labor Rights Policy

Lilang is committed to safeguarding the fundamental labor rights of all employees and strictly adheres to internationally recognized labor standards, including the International Labour Organization (ILO) Core Conventions and the United Nations Global Compact (UNGC), ensuring that 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 complies with international labor standards but also actively enhances employee well-being, strengthens corporate social responsibility, and achieves a win-win outcome between sustainable business growth and the protection of workers' rights.

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 Incentives

Fair and equitable compensation incentives are the cornerstone of employee motivation. China Lilang prioritizes both monetary and non-monetary benefits for employees (including pensions and retirement funds within statutory requirements), with comprehensive coverage encompassing full-time employees and contract workers. Specifically, all female employees are entitled to 98 days of statutory maternity leave, while male employees receive 3 days of paternity leave. The Group encourages employees to leverage their strengths, supports them in realizing their personal value, and provides attractive compensation and benefits based on their contributions. At present, all formal employees are integrated into a performance-based compensation framework, which includes bonuses and other incentive mechanisms.

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-based compensation system

LILANG is committed to building a performance-oriented compensation system to ensure employees' efforts and contributions are fairly and justly rewarded. The company has established systematic performance incentive mechanisms covering all full-time employees, aiming to enhance overall organizational effectiveness while stimulating employee motivation and creativity.

All employees are eligible for performance-based bonuses, sales commissions, and other incentive programs. The performance evaluation system is designed around specific business objectives and individual performance metrics, including key indicators such as revenue growth, operational efficiency, and customer satisfaction, to align employees with the company's long-term development goals. Additionally, non-managerial employees in sales, production, and support roles receive performance-driven incentives to boost operational efficiency.

Moving forward, LILANG will continue refining its performance evaluation framework, advancing data-driven compensation management to ensure fairness and transparency in rewards. The company will strengthen the linkage between compensation and career development to attract, motivate, and retain top talent, supporting sustainable business growth.

Employee Benefits

China Lilang is committed to providing thoughtful benefits and creating an excellent work environment for its employees. The Group fully respects and complies with relevant regulations, establishing a matching benefits system. On this basis, it moderately expands to provide comprehensive and diverse benefits for employees.

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.

Caring for Women's Health

In March 2024, China Lilang hosted several themed activities to celebrate International Women's Day. The Group engaged a team of experienced practitioner of traditional Chinese Medicine from Jinjiang Traditional Chinese Medicine Hospital to conduct seminars for female employees, offering complimentary expert consultations, traditional Chinese medicinal meals, gua sha (刮痧), and cupping therapy (拔罐) sessions. This diverse and comprehensive care enhanced employees' sense of fulfillment and happiness.



A Comfortable and Pleasant Environment



Employee Representation and Consultation Mechanisms

LILANG upholds the principles of fair and transparent labor-management relations, safeguarding employees' right to collective bargaining and establishing multi-tiered communication channels to promote deep employee involvement in corporate decision-making.

Currently, 50% of LILANG's workforce is covered by unions or collective bargaining agreements, ensuring equal negotiation rights for employees in areas such as compensation, benefits, career development, and workplace conditions. The company strictly adheres to international labor standards and has established mechanisms including employee representative congresses, grievance procedures, and regular dialogue systems to ensure policies align with employee needs and industry norms. Additionally, LILANG has enacted specialized labor rights policies that define collective bargaining processes, grievance channels, and salary adjustment mechanisms, fostering fairness and sustainable development.

Looking ahead, LILANG will continue optimizing union organizational structures, expanding union and collective bargaining coverage, and strengthening external collaboration to create a more equitable, inclusive, and sustainable workplace.

Democracy and Communication

China Lilang strictly adheres to the provisions of the Trade Union Law of the People's Republic of China, establishing and improving a democratic management system based on the employees' congress. This ensures employees' rights to information, participation, expression, and supervision. We have a standardized collective negotiation mechanism led by the trade union committee to ensure that employees' interests are properly safeguarded. Over the past three years, thanks to effective communication channels and mutual trust between our employees and us, The company has experienced no strikes or management-initiated lockouts, demonstrating robust employee relations management capabilities.

To further enhance democratic management and amplify frontline voices, the Group plans to initiate structured dialogues and exchanges with the trade union and other employee representatives within the next year, establishing a robust two-way communication bridge. We believe that sincere dialogue not only addresses employee concerns in a timely manner but also continuously improves the work and living environment, fostering a warmer and more harmonious corporate culture. This ensures every employee feels a sense of belonging and respect, working together to shape a prosperous future for the Company.

5.1.2 HEALTH AND SAFETY

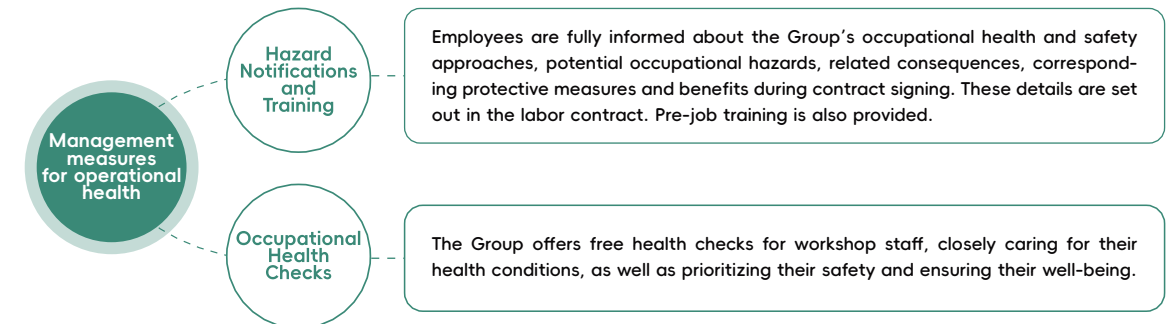
China Lilang recognizes that the health and safety of its employees are not only integral to their personal well-being but also play a critical role in ensuring the Company's long-term stability and continuity. The Group secures its employees' health by focusing on the core occupational health management and safety production management, providing a solid foundation for the Group's sustainable development.

Occupational Health Management

China Lilang strictly complies with the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and relevant regulations, and has developed a robust occupational hygiene management system as well as implemented an occupational health and safety management system. The vice president is appointed as the Group's Environmental Management Representative and Occupational Health and Safety Representative, and being responsible for developing, operating and managing the safety and environmental system. Regular meetings are held with relevant department heads to review the system's progress and make continuous improvements and optimization.

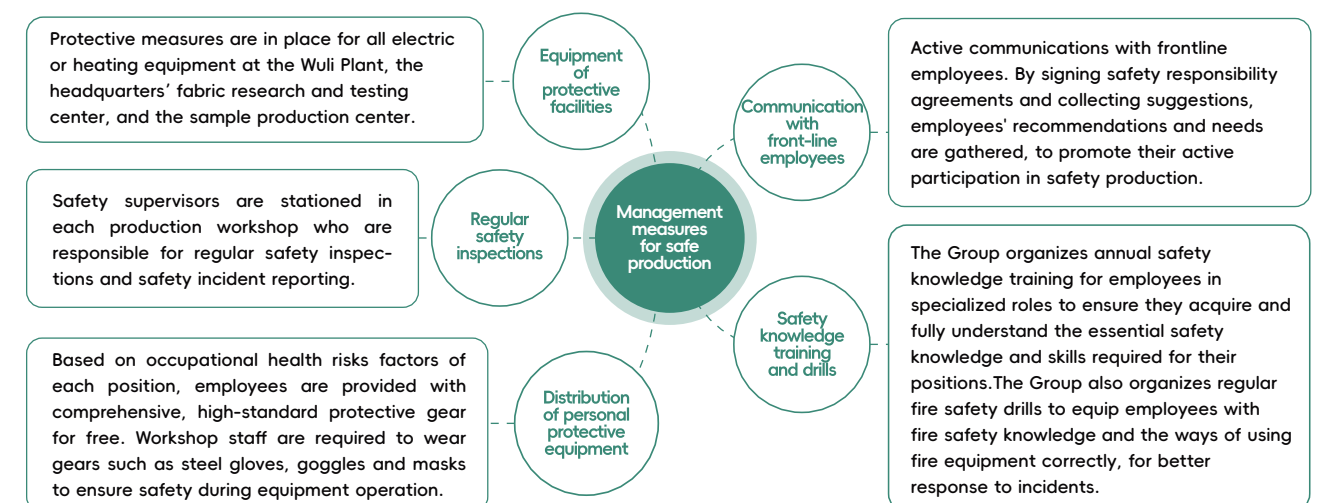
System Certification

China Lilang obtains ISO45001 Occupational Health and Safety Management Systems Certification



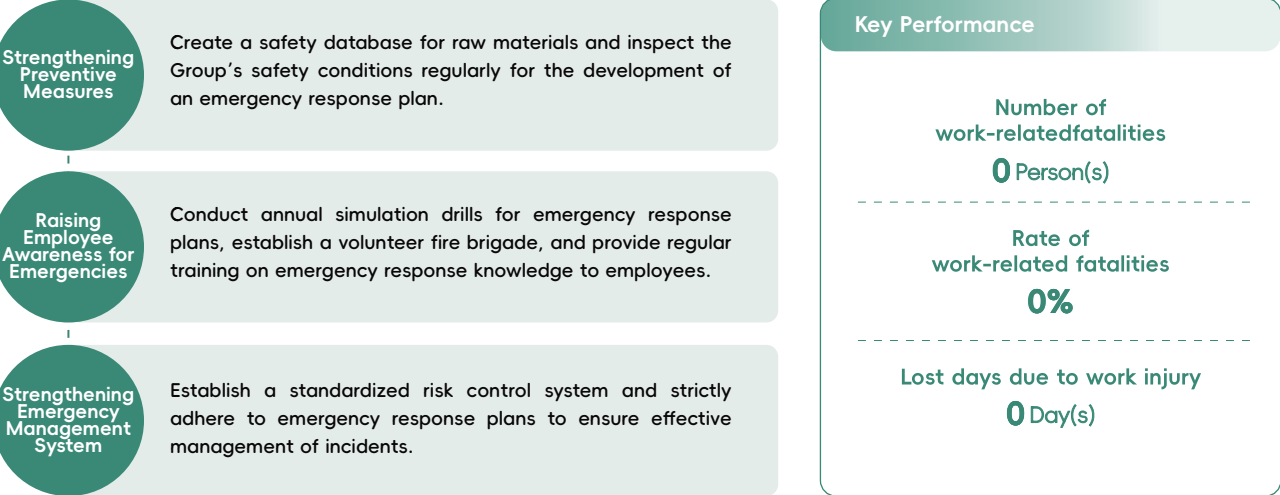
Management for safe production

China Lilang is committed to creating a safe and healthy working environment for its employees. The Group provides employees with professional protective equipment, conducts regular safety inspections, deepens communication with frontline staff, and strengthens safety education and emergency drills, ensuring safety throughout the production process.



Production Emergency Management

China Lilang emphasizes the development of production emergency management system by developing the “Risk and Opportunity Management Procedure,” strengthening preventive measures, raising awareness of emergency responses, and building a well-structured and standardized management system to ensure the Group's safe production.

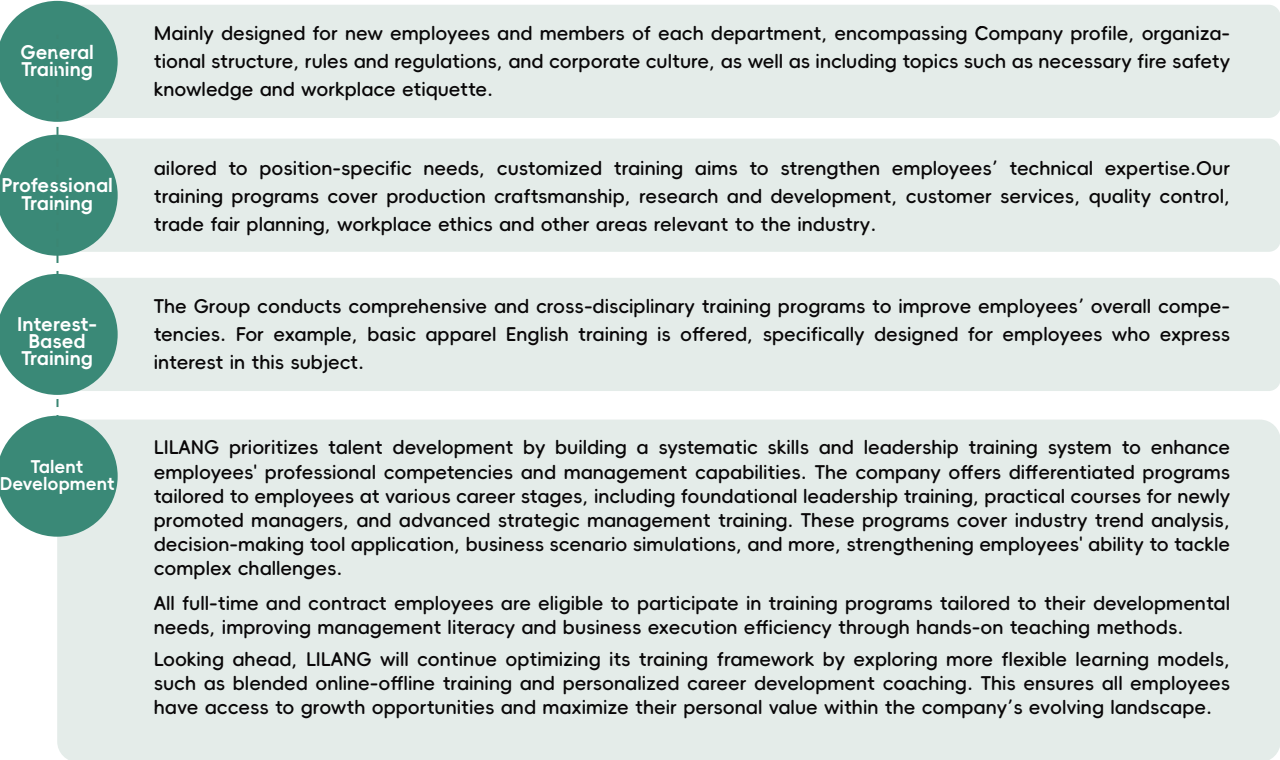


5.1.3 TRAINING AND DEVELOPMENT

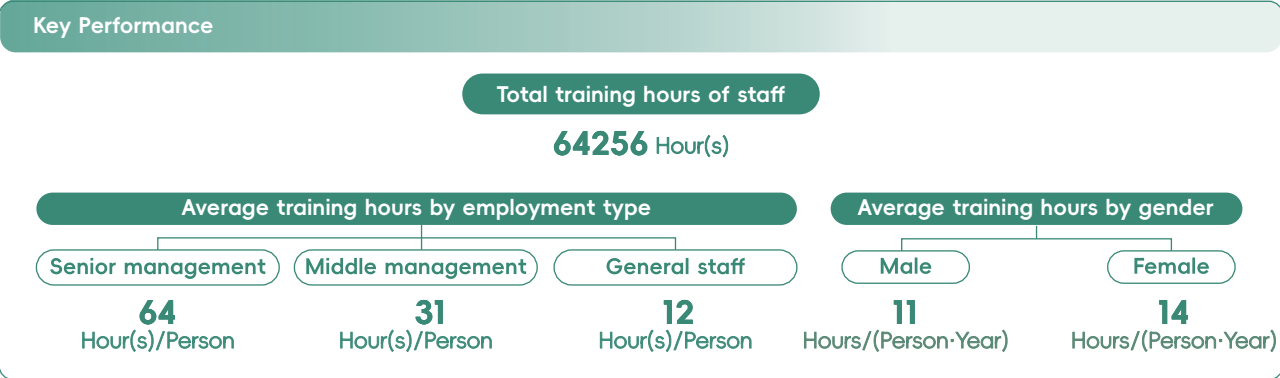
China Lilang fully supports employee's development. The Group has comprehensive development policies in place, which enhance employee training and advancement and standardize their career paths. Through systematic training and practices, employees can keep on improving their competencies and qualities, building the Group a high-caliber, professional workforce.

Staff training

China Lilang's training system is built around two core modules, namely general training and professional training, with additional interest-based training and a professional training team for project design and operational management, cultivating a skilled workforce for and supporting the realization of business growth and strategic objectives of the Group.

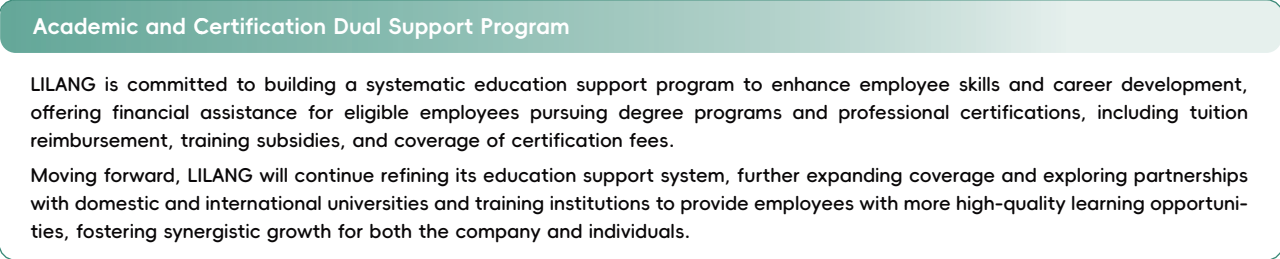
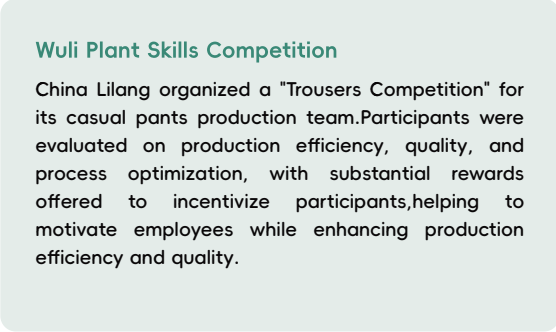
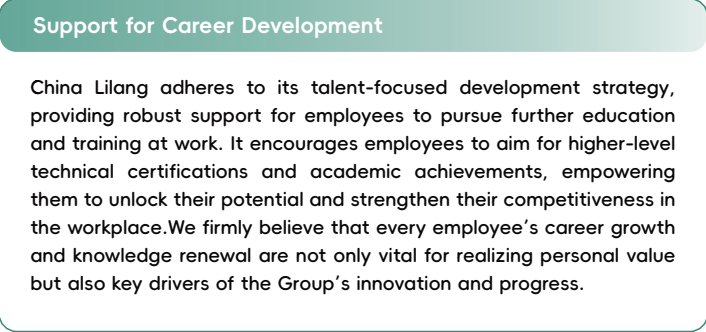
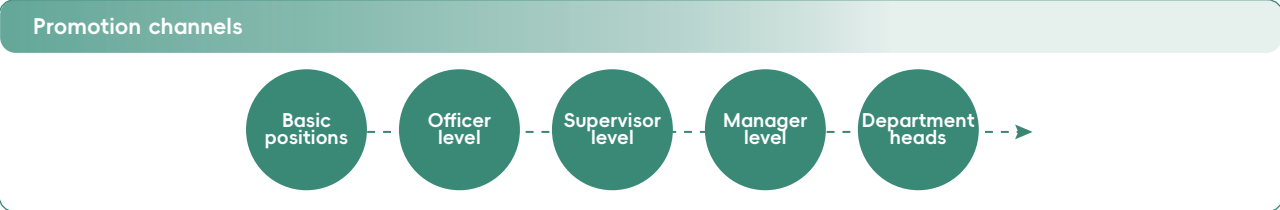
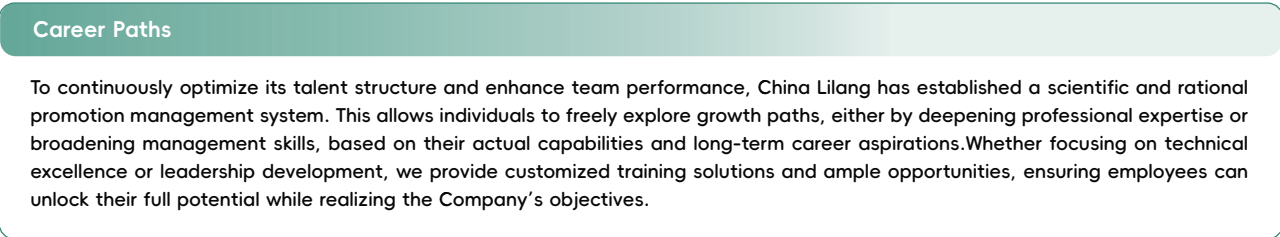


To boost the design and technical competencies of its brand, the Group collaborates closely with domestic leading textile and apparel colleges and host regular campus recruitment sessions. Each year, the Group recruits management trainees from colleges and technical institutes, ensuring every employee receives fair treatment and development opportunities in suitable positions. Therefore, the Group has implemented a structured management trainee program, supported by incubation teams and dedicated counselors, offering comprehensive training to prepare fresh graduates for professional growth.



Career Development

China Lilang places great emphasis on employee career development. Through the establishment of comprehensive and diversified career pathways and training systems, the Company fosters the integration of individual career advancement with its strategic objectives. This approach not only enables employees to achieve personal fulfillment but also injects sustained energy into the Group's long-term growth.



5.2 CONTRIBUTION TO SOCIETY

5.2.1 BUILDING A BEAUTIFUL HOME TOGETHER

Charity

China Lilang consistently upholds the principle of "giving back to society what is taken from society." To this end, the Company established the Lilang Charity Foundation to continuously promote responsibility and the power of kindness.The Group promotes social welfare initiatives through charitable donations and the organization of public welfare activities, focusing on healthcare, poverty alleviation, education, disaster relief and Cultural preservation.. These concrete efforts reflect its commitment to creating societal well-being and fostering a "better home for all."

Mr. Da Public Welfare Initiative

On November 28, 2024, the Jinjiang Municipal Committee and Municipal Government, in partnership with the Jinjiang Charity Federation, established the "Mr. Da" Public Welfare Fund in Jinjiang City. LILANZ Group spearheaded the initiative by contributing RMB 100 million. The raised funds will primarily support high-level development initiatives in education and healthcare, including the recruitment of top-tier professionals, cultivation of high-caliber talent, precision-backed teaching and research programs, and premium care services. This effort aims to cultivate a cohort of visionary, compassionate, and highly accomplished "Mr. Da" leaders in the medical and educational sectors.



Supporting the Development of National Regional Medical Centers

In March 2024, China Lilang donated RMB5 million to Jinjiang Municipal Hospital (Shanghai Sixth People's Hospital Fujian Branch) to support the development of national regional medical centers.This RMB5 million donation was allocated to talent training, field development and other initiatives in the build-out of the national regional medical centers, contributing to the advancement of healthcare in Fujian.



Launching Clothing Recycling Charitable Campaign

In July 2024, China Lilang launched the "Love and Care: Old-for-New" campaign to collect used clothing and provide warmth to those in need.During the campaign, the Group collected and donated nearly 2,000 clothes, promoting the idea clothing recycling while reinforcing its commitment to social responsibility and sustainability.



Aesthetic education activities for the youth

In 2022, China Lilang teamed up with the Shanghai Adream Charitable Foundation for a five-year aesthetic education plan for youth.Through charitable projects such as art classes, aesthetic education kits and art events, the plan brought quality arts education to children in under-developed areas of China, helping them to grow with confidence and dignity.The plan has covered 8 provinces and made donations of over RMB6.58 million so far, with 23 Dream Centers being built, benefitting 30,881 children.

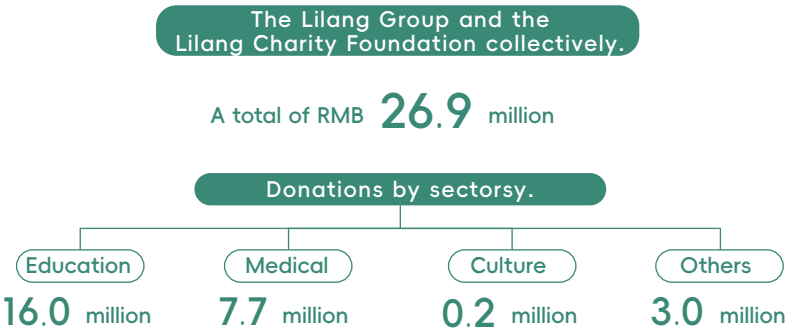


"Exchanging Vegetables with Books"

In response to President Xi Jinping's directive on the Chinese Farmers' Harvest Festival, the Jinjiang Women's Federation, in collaboration with the Qingyang Street Women's Federation, Xiaosheng Community Party Branch, Lilanz Enterprise Party Committee, and the Magnolia Family Station of the Jinjiang Women's Federation, organized the "Promoting Frugality, Celebrating a Bountiful Harvest" grain awareness parent-child event on October 13, 2024, at the Lilanz Cultural and Creative Park.Through the exchanging books and vegetables by 30 participating families and combining the idea of reading and conservation, the idle books could be reused, while adding cultural vibrancy to community life.



Key Performance



Volunteering services

China Lilang consistently upholds its strong commitment to social responsibility by encouraging employees to engage in charitable causes.Through diverse volunteer activities and social projects, such as blood donation, teaching support and caring for vulnerable groups, team members are encouraged to take practical actions to address societal concerns and work together to solve social issues.

Caring for Party members with difficulties

In October 2024, China Lilang, upholding its enduring commitment to social responsibility and its close ties with the Party and the community, donated RMB100,000 to the Party Members Mutual Assistance Association under the Organization Department of the Jinjiang Municipal CPC Committee. The donation was specifically allocated to advancing intra-Party care and support programs, offering tangible aid to Party members in financial hardship and easing their economic pressures.



Caring for the elderly

China Lilang has always been caring about the elderly.In celebration of the 2024 Chongyang Festival, the Group's Party Committee held a public welfare event titled "Respect and Care for the Elderly, Love in Chongyang." During the event, Party member volunteers visited senior residents in the community, bringing both practical daily necessities and heartfelt holiday wishes. More importantly, they provided emotional comfort and warmth.



5.2.2 PROMOTING RURAL REVITALIZATION

China Lilang is dedicated to integrating its corporate efforts with the needs of rural development for advancing the construction of rural infrastructure, improving residents' living conditions, and actively supporting development of rural education to provide children with better learning and environments resources, fostering balanced urban-rural development, so as to achieve the goal of shared prosperity and contribute to society's long-term sustainable growth.

Construction of infrastructures

A total of RMB300,000 in funding was provided for the road and street renovation project in Shatang community, contributing to the development of beautiful rural areas.

Education development for rural areas

Purchasing RMB270,000 worth of integrated teaching equipment for and donating RMB180,000 worth of books to remote primary schools in Guangxi.

5.2.3 PROMOTING INDUSTRY DEVELOPMENT

China Lilang adheres to the values of openness, collaboration, and mutual growth, fostering extensive partnerships with other companies and industry organizations. Through these collaborations, we share resources, achieves deep sharing efficient integration, and contribute to improving industry-wide performance. Moreover, by launching these collaborative projects, participating in trade fairs, and building platforms for exchange, we encourage mutual learning, and foster a healthy industry ecosystem, and drive extensively long-term sustainable development of the industry.

Along the Silk Road to Paris

In 2024, China Lilang teamed up with National Geographic China for a cross-industry collaboration. Centered on the Silk Road, this partnership combined fashion and culture, break-through traditional design approaches to create unique apparel inspired by Silk Road heritage. Through a variety of activities, the collaboration brought Silk Road culture to life and encouraged consumers to value the cultural aspects of fashion and urged our industry to pay attention to the add-on cultural value of products. Such cross-industry collaboration set an example for coordinated development of fashion and other industries and encouraged more brands to explore similar opportunities, pushing the industry toward greater diversity and cultural depth.



Preserving Tradition While Embracing Innovation

China Lilang collaborated with Chen Peng, a trailblazer in Chinese original design and the chief costume designer for the Beijing Winter Olympics opening ceremony, to debut the "Cheng Qi" capsule down jackets collection. The collection was inspired by the cultural philosophy of Jingdezhen City's wood-fired pottery, reimagining down jackets as clay. Using segmentation and quilting techniques, the designs created structured, three-dimensional forms. Elements such as pine and bamboo were subtly incorporated into details like zippers, reflecting the concept of harmony between human and nature. This collection provided a brand-new perspective on balancing heritage and innovation for the industry. Meanwhile, fashion forum at the launch event centered on the balance between design and life, encouraging the industry to explore ways to merge quality and fashion under today's market environment while developing sustainable growth strategies.



RESPONSIBLE BUSINESS CONDUCT

This chapter responds to

United Nations Sustainable Development Goals (SDGs)



Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code

B7 ANTI-CORRUPTION

China Lilang prioritizes our responsibility and remains dedicated to responsible business practices with commitment and concrete actions. We value business ethics and operational compliance, indicated by a robust foundation of reputation with long-term trust from customers; we also adhere to stringent standards to data security and adopt strict protection measures to ensure the security of user information. Additionally, we comply with tax regulations and actively assume our financial obligations and contribute to local economic development.

06

6.1 CORPORATE GOVERNANCE

6.1.1 GOVERNANCE STRUCTURE

The company places high priority on sustainable development, with sustainability performance metrics integrated into the annual incentive compensation policies for certain senior executives. China Lilang remains committed to transparency, accountability, and integrity in corporate governance, building a scientific and effective governance system. The Board comprises 12 members, under which the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG MANAGEMENT COMMITTEE are formed with well-defined responsibilities, jointly ensuring fairness and objectivity in the Board’s decisions. The Group holds regular votes on remuneration, allowing shareholders to vote on the policies themselves, the amounts paid pursuant to them, or reports from the Remuneration Committee setting out such matters. The Board meets regularly to discuss major matters, including the Group’s strategy, ESG Goals, approach and financial performance. A structured process is also in place to evaluate the Board’s performance and contributions as well as providing recommendations, helping to safeguard the Group’s sustainable and healthy growth. The company also safeguards minority shareholders’ rights and interests through multiple independent directors and annual shareholders’ meetings.



The Board of China Lilang upholds a diversity approach, requiring consideration of a variety of factors such as gender, age, cultural and educational background, ethnicity, skills, knowledge, professional experience and tenure during the nomination process to ensure a balanced mix of skills, expertise and diversity to meet the Group’s business needs. Each Board member possesses extensive professional backgrounds spanning such expertise as business management, design, engineering, sales and marketing, providing comprehensive guidance for the Group’s strategic planning and decision-making.

Key Performance		
Board members		
By gender	Number of males	11 Person(s)
	Number of females	1 Person(s)
By age	Age 30 to 50	3 Person(s)
	Age 50 to 70	8 Person(s)
	Age above 70	1 Person(s)
Executive Director	Non-Executive Director	Independent Non-executive Directors
5 Person(s)	3 Person(s)	4 Person(s)
Professional background of Board members		
Business administration background	Design background	Sales and marketing background
9 Person(s)	1 Person(s)	2 Person(s)

6.1.2 RISK MANAGEMENT

China LILANG upholds a prudent management philosophy, establishing a comprehensive risk management and internal control system to ensure precise prevention, effective mitigation of risks, and sustained healthy development of the group. This system undergoes rigorous annual reviews and evaluations. The company regularly engages leading accounting firms to conduct high-level risk testing, gap analysis, and control assessments across all operational aspects, focusing on identifying latent threats, scientifically categorizing risk levels, and implementing tailored prevention measures and contingency plans. These efforts aim to minimize the adverse impact of unpredictable factors on operations and safeguard the group’s long-term stability.

To better manage development risks, LILANG’s board includes multiple non-executive directors with industry expertise in risk management. Among them, Mr. Lai Shixian serves as Co-Chief Executive Officer of Anta Sports; Mr. Zhang Shengman, former Asia-Pacific Chairman of Citigroup and China Country Director of the World Bank, brings over 30 years of experience in corporate governance, risk management, and financial matters; and Professor Liao Jianwen previously held the role of Chief Strategy Officer at JD Group. Each contributes practical risk management expertise to the company’s strategic oversight.

Risk management procedures



6.1.3 TAX COMPLIANCE

China Lilang adheres to national laws and regulations by actively fulfilling its tax obligations, ensuring accurate declaration and timely payment of taxes. We use a digital platform to manage and file tax-related documents, complemented by regular tax strategies to enhance taxation management efficiency. At the end of each financial year, we engage KPMG to perform financial audits, ensuring the authenticity and accuracy of financial data, with findings reported to the vice chairman of the Board.

6.2 BUSINESS ETHICS

6.2.1 ANTI-CORRUPTION MANAGEMENT

China Lilang strictly adheres to the Supervision Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China and other relevant laws and regulations, upholds business ethics and firmly opposes any form of corruption, bribery, extortion, fraud, monopoly, money laundering or unfair competition. A Board-level compliance committee has been established to oversee the implementation of business ethics and anti-corruption measures. Internal management of ethical issues is governed by Board-issued directives and interpretations, with the vice chairman leading efforts to review and facilitate the implementation of anti-corruption policies on a regular basis. In 2024, the Group had zero corruption or fraud lawsuits, received zero employee complaints in relation to corruption or fraud, and handled zero such cases.

China Lilang has established a completed, formal, and comprehensive Internal Control Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, and Anti-Money Laundering in accordance with national laws and regulations. This policy applies to all employees, management and business partners, ensuring strict compliance with regulatory standards across all levels and throughout the supply chain. The Group’s anti-corruption policy includes detailed implementation guidelines and operational standards, which are publicly available on the Group’s website and in the employee handbooks for reference by all stakeholders.

The Group maintains an independent internal audit team that conducts monthly audits on anti-corruption and business ethics to ensure the effectiveness of policy implementation. The audit results, covering all high-risk departments and key suppliers, are submitted to the Board for review, to ensure effective monitoring of sensitive areas along the business chain. At the same time, a dedicated Anti-Commercial Bribery Office has been established, which provides timely updates during quarterly governance meetings on anti-commercial and bribery corruption prevention.

In addition to continuously strengthening the Group’s internal anti-corruption governance, we mandate suppliers to uphold integrity and self-discipline, rigorously eliminating illegal activities such as bribery, extortion, fraud, or money laundering within procurement processes. During business engagements, we have incorporated dedicated integrity clauses into contracts, explicitly prohibiting any form of bribery toward our employees. Concurrently, we established dedicated reporting channels (via telephone and email) for whistleblowing and oversight. Throughout the reporting period, the Group recorded no litigation cases related to corruption or embezzlement, nor received any complaints alleging employee misconduct in such matters.

Internal Management	External Management
<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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 attitude toward corruption and has established a Reporting System and Procedures to encourage employees and external parties to report any unethical or non-compliant behavior through designated channels, such as telephone or email, and will be strictly dealt with upon verification. The Audit Committee initiates investigations within one week of receiving a report, with the vice chairman of the Group leading the Legal Department and Internal Audit Department to handle the matter. Additionally, the Group has implemented a robust whistleblower protection mechanism to safeguard the rights of whistleblowers. Such mechanism ensures the confidentiality of the whistleblowers' identities and protects them from retaliation. Details of the whistleblower protection mechanism, covering reporting channels, identity protection measures, and reporting procedures guidelines, have been published to provide employees with a transparent understanding of the whistleblowing process.

6.2.3 PROMOTION AND IMPLEMENTATION OF INTEGRITY

China Lilang is committed to fostering a culture of integrity and enhancing the ethical awareness among all of our employees and suppliers. The Group conducts annual anti-corruption and compliance training for all employees, including both full-time and part-time staff. Ethics training and employee handbooks are also provided during on-boarding of all employees to strengthen understanding and implementation of anti-corruption policies, ensuring heightened awareness of all of them. At the same time, the Group encourages employees and suppliers to adopt proper values, embedding integrity into all business departments and processes while reinforcing compliance awareness. During the reporting period, the participation rate for the annual anti-corruption training reached 100%.

Visit to the Quanzhou (Jinjiang) Legal Education Base for Non-Public Enterprises

In 2024, the Group's Party Committee organized a visit to the Quanzhou (Jinjiang) Legal Education Base for Non-Public Enterprises to strengthen Party members' understanding and practice of legal education for non-public enterprises. Through engaging activities such as exhibition tours, educational microfilm screenings and interactive quizzes, Party members have deepened their understanding on economic crime prevention and combating. These efforts further solidified their professional conduct of integrity and discipline.

6.3 INFORMATION SECURITY

China Lilang remains steadfast in enhancing its data security governance system. With a forward-thinking approach, we continuously optimize our security operation standards and closely follow global best practices to ensure that every business process complies with the strictest regulatory requirements. By proactively defending against potential information security threats, we safeguard the Group's core data assets and the absolute security of consumers' personal information. These efforts form a robust foundation of trust, supporting the Group's steady growth and trust from customers.

6.3.1 INFORMATION SECURITY MANAGEMENT

Information security management is critical to the stable operation of the Group's business. China Lilang has implemented a series of comprehensive protective strategies focusing on three key areas: data backup, network security and system protection, to ensure security of the Group's information. These measures enhance the level of information security management capabilities and provide the Group with robust protection for 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 places a strong emphasis on safeguarding customer privacy and complies with laws and regulations such as the Data Security Law and the Personal Information Protection Law by developing related data protection management regulations at its headquarters. The vice chairman of the Board of the Group is the highest person in charge, and the information management centre is the executive department. Clearly defined responsibilities for relevant operational roles and functions support the establishment of a robust privacy protection framework, to ensure the security of data during collection, storage and transmission, reflecting the Group's efforts to rigorous customer privacy protection.

Collection

- Users are clearly informed about the purpose, method and scope of data collection before any information is collected.

Storage

- Personal information of users are stored and protected from unauthorized access, public disclosure, misuse, modification, damage or loss in compliance with related national laws and policies.
- The customer information of distributors will only be used for sales and promotion of the Group's products, and only relevant personnel of the Group and the relevant stores can access such information.
- Reasonable measures such as access controls, least privilege authorization and encryption for encrypted storage are implemented to ensure data integrity and confidentiality.
- A data classification and grading system is established, to ensure the confidentiality of customer private information through permission controls and field handling.

Transmission

- All data transmissions are encrypted using a stringent data security solution with advanced encryption technologies to ensure security during transfer.

2024

No violations regarding information security and privacy protection

Total penalties regarding information security breaches or other network security incidents is nil

6.3.3 INFORMATION SECURITY TRAINING

To further strengthen information security awareness, China Lilang provides information security and privacy protection training for all new employees. The Group conducts annual promotional campaigns and training, offering specialized training for staff in relevant roles, to increase vigilance against malwares and other cyber threats, update knowledge on data security and defense technologies, and enhance employees' overall data security competencies. Through these efforts, we safeguard the Group's and our customers' data assets.

7. FUTURE PROSPECTS

With ambition and determination, we achieve success through concrete action.In the coming year, China Lilang will continue its steadfast pursuit of high-quality development while fully embracing the core values of "innovation, perseverance, sharing, and dedication." Guided by the principles of sustainable development, fueled by our corporate spirit, driven by a hands-on approach and empowered by technology, we aim for grand and ambitious blueprints of development.

Prioritizing Quality to Drive High-Quality Development

In this era of high-quality development, we adhere to the principle of "quality first." From fabric selection to design innovation, and from production craftsmanship to finished goods inspection, we strive for excellence at every step.Meanwhile, we will continue to strengthen our supply chain management and the establishment of quality management system, with the drive for high quality as a catalyst for further advancement.China Lilang acknowledges the power of technology, and that digital transformation is essential to high-quality development.We will continue to innovate and strive for excellency, optimize product design, enhance production efficiency, and gain deeper insights into market needs, to offer consumers with superior products and services.

Leading with Green, Practicing Sustainability

Sustainable development is not only a call of our times but also an essential choice for the long-term growth of enterprises.China Lilang remains proactive to respond to the nation’s call for ecological progress by integrating green concepts into every aspect of our business operations.From adopting eco-friendly materials as well as an energy-saving and emission reduction production process, to reducing plastic in packaging and applying digitalized smart solutions for carbon reduction, we are empowering precisely the whole chain from production to retail, and taking meaningful steps to fulfill our green commitment.Moving forward, we will continue to explore more low-carbon and eco-friendly production approaches, and develop a sustainable supply chain, to contribute to a healthier and greener planet for future generations.

People-Oriented , Shared Responsibility for Society

The foundation of achieving stability lies solely in obtaining the right people.China Lilang understands that the Company’s growth is built upon the dedication of all of its employees as well as the trust and support of the society.We remain committed to the belief that talent drives development, ensuring employees’ basic rights are protected and respected. We strive to create a fulfilling, harmonious atmosphere while establishing a platform for collaboration and innovation, for employees to achieve greatness with us.Meanwhile, we will continue to support charitable causes in areas such as education, poverty alleviation and healthcare through taking concrete actions to give back to society and contribute to a more harmonious and progressive community.

Looking ahead, China Lilang will continue to uphold its aspiration of "advocating a simple yet meaningful lifestyle for humanity" on the path of sustainable development.On this path filled with challenges and opportunities, China Lilang will stay true to its target and forge ahead with determination, and inaugurate its own era with greater enthusiasm and a pragmatic attitude.

8. APPENDICES

8.1 KEY PERFORMANCE

Environment performance indicators

Level 1 Index	Level 2 Index	Unit	2024
Energy	Gasoline	Liter(s)	49661
	Purchased electricity	MWh	20588.1
	Purchased natural gas	0,000m³	57.76
	Photovoltaics	MWh	14353.5
Waste emissions	Total hazardous wastes	tonnes	0.3694
	Particles	tonnes	0.0243
	NOx	tonnes	0.3380
	SO2	tonnes	0.0071
	Hazardous wastes intensity	tonne(s)/RMB million revenue	0.98
	Total non-hazardous wastes	tonnes	1429.34
	Domestic wastes	tonnes	1093
	Scraps	tonnes	230.27
	Scrap metal	tonnes	1.83
	Cardboards	tonnes	104.24
	Non-hazardous wastes intensity	tonne(s)/ RMB million revenue	0.38
Water resources	Total water consumption	tonnes	350984
	Water consumption intensity	tonne(s)/RMB million revenue	92.68
Packaging materials	Packaging materials consumption quantity	tonnes	1689.08
	Packaging material consumption intensity	tonne(s)/ RMB million revenue	0.45

Social performance indicators

Level 1 Index	Level 2 Index	Unit	2024
Staff Employment	Total number of staff of the Group	Person(s)	2494
	By gender		
	Total number of male staff	Person(s)	1158
	Total number of female staff	Person(s)	1336
	By age		
	Total number of staff aged 30 and below	Person(s)	733
	Total number of staff aged 30 to 50	Person(s)	1429
	Total number of staff aged 50 and above	Person(s)	332
	By contract type		
	Total number of employees under labor contracts	Person(s)	2494
	Total number of dispatch labor staff	Person(s)	0

Social performance indicators

Level 1 Index	Level 2 Index	Unit	2024
	By geographical region		
	Total number of staff in the PRC	Person(s)	2487
	Total number of staff in Hong Kong, Macau, Taiwan and Japan	Person(s)	7
	Staff turnover rate	%	34.20
	By gender		
	Turnover rate of male staff	%	11.96
	Turnover rate of female staff	%	17.09
	By age		
	Turnover rate of staff aged below 30	%	17.42
	Turnover rate of staff aged 30 to 50	%	9.73
	Turnover rate of staff aged above 50	%	2.27
	By contract type		
	Total number of employees under labor contracts	%	34.20
	Total number of dispatch labor staff	%	0.00
	By geographical region		
	Staff turnover rate of the PRC	%	25.48
	Staff turnover rate of Hong Kong, Macau, Taiwan and Japan	%	0.00
Operational Health and Safety	Number of work-related fatalities	Person(s)	0
	Rate of work-related fatalities	%	0
	Lost days due to work injury	Day(s)	0
Staff training	Total training hours of staff	Hour(s)	64256
	Average training hours by employment type		
	Senior management	Hour(s)	64
	Middle management	Hour(s)	31.2
	General staff	Hour(s)	39
	Average training hours by gender		
	Male	Hour(s)	10517
	Female	Hour(s)	32114
SUPPLY CHAIN MANAGEMENT	Total number of suppliers	Supplier(s)	275
	By geographical region		
	Number of suppliers in the PRC	Supplier(s)	266
	Number of foreign suppliers	Supplier(s)	9
	Number of evalutaion of suppliers	Time(s)	825
	Suppliers assessment rate	%	100
	Number of training for suppliers	Time(s)	49
COMMUNITY INVESTMENT	Total charity donations	RMB´ 0,000	2690.85
	Contributions by sectors		
	Education	RMB´ 0,000	1601.75
	Medical	RMB´ 0,000	769.77
	Culture	RMB´ 0,000	18.00
	Others	RMB´ 0,000	301.33

Governance performance indicators

Level 1 Index	Level 2 Index	Unit	2024
Corporate governance	Total number of Board members	Person(s)	12
	Board members by gender		
	Male	Person(s)	11
	Female	Person(s)	1
	Board members by age		
	Age 30 to 50	Person(s)	3
	Age 50 to 70	Person(s)	8
	Age above 70	Person(s)	1
	Board members by professional background		
	Business administration background	Person(s)	9
Operational compliance and risk management	Sales and marketing background	Person(s)	2
	Design background	Person(s)	1
	Number of Board meetings held	Time(s)	10
	Number of Board committee meetings held for discussion of matters during the year	Time(s)	8
	Review frequency of risk management and internal control systems	Time(s)	1
	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Time(s)	0
	Anti-corruption training provided to directors and staff	Time(s)	2
ANTI-CORRUPTION			

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	/	Greenhouse gas emissions generated by the Group´ s operating activities are limited
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	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	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,	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	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
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	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	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	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. 2024 Environmental, Social, and Governance Report. If you have any comments or suggestions during your review, please share them with us to help us further improve our corporate sustainability management in the future.

You are from:

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

Your Contact Information:

Your Feedback :

	Excellent	Good	Good	Poor	Very poor
Overall evaluation of the report					
Reflects significant ESG impacts					
Evaluation of information disclosure					
Evaluation of content and design					

What additional information would you like to learn from the China Lilang Co., Ltd. 2024 Environmental, Social, and Governance Report?