LESSO 联塑

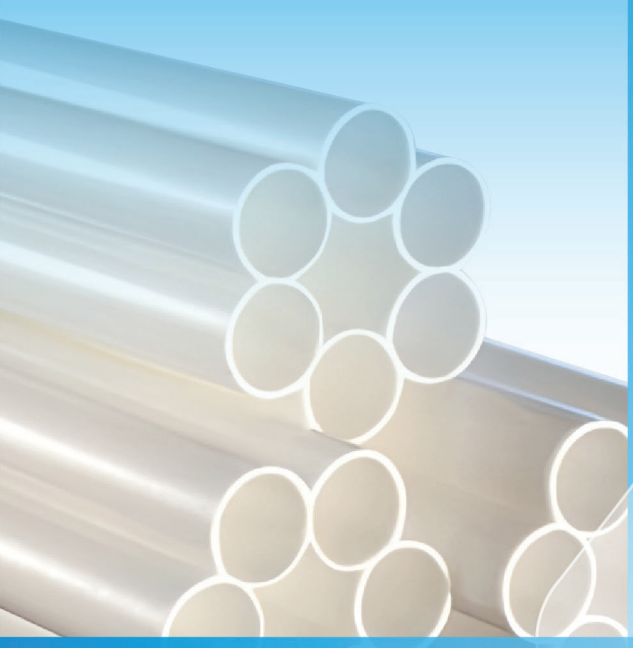
CHINA LESSO GROUP HOLDINGS LIMITED

中國聯塑集團控股有限公司

Incorporated in the Cayman Islands with limited liability

於開曼群島註冊成立的有限公司

Stock Code 股份代號:2128







SUSTAINABLE DEVELOPMENT REPORT

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About This Report

This report is the Sustainable Development Report issued by China Lesso for the year 2025, aiming to disclose the Group's sustainability philosophy, practices, performance, and aspirations in the areas of Environmental, Social, and Governance (ESG) Prior to the report, the Group has published ten sustainable development/social responsibility reports.

Period Covered by This Report

The reporting period covered in this report spans from January 1, 2025 to December 31, 2025.

Scope of This Report

The entities included in the scope of this report are consistent with those covered in the *2025 Annual Report of China Lesso Group Holdings Limited* published by China Lesso.

Description of Reference

For ease of expression and readability, "China Lesso Group Holdings Limited and its subsidiaries" is referred to as "China Lesso," "Lesso," "the Group," "The Company," or "we" in this report. Some subsidiaries are represented by abbreviated names, refer to the table below for details.

Subsidiary Names	Abbreviation
Guangdong Liansu Technology Industrial Co., Ltd.	Guangdong Lesso
Sichuan Lesso Technology Industrial Co., Ltd.	Sichuan Lesso
Nanjing Lesso Technology Industrial Co., Ltd.	Nanjing Lesso
Lesso Technology Development (Wuhan) Co., Ltd.	Wuhan Lesso
Hunan Lesso Technology Industrial Co., Ltd.	Hunan Lesso
Shaanxi Lesso Technology Industrial Co., Ltd.	Shaanxi Lesso
Yunnan Lesso Technology Development Co., Ltd.	Yunnan Lesso
Guangdong Lesso Rili Door Industry Co., Ltd.	Lesso Rili Door Industry
Jiangsu Yongbao Environmental Protection Technology Co., Ltd.	Jiangsu Yongbao
Guangdong Yongbao Environmental Technology Co., Ltd.	Guangdong Yongbao

Basis of Preparation

This report fulfils its disclosure responsibilities in accordance with Appendix C2 *Environmental, Social and Governance Reporting Code* to the Rules Governing *the Listing of Securities* on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange"). It adheres to the reporting principles of materiality, quantification, balance, and consistency. The report also aligns with the frameworks of the Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UN SDGs) to enhance transparency and strategic relevance.

Currency

Unless otherwise stated, all currency units in this report are denominated in Renminbi (RMB).

Access to the Report

This report is available in both Chinese and English. In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail. An electronic copy of this report is available at https://www.lesso.com/. Please contact us via csr@lesso.com for a paper report if necessary.

Chairman's Message

Over the past year, the pace of global economic recovery has slowed, and the Chinese Mainland economy has also faced challenges including pressure in the real estate market, insufficient domestic demand, and economic structural imbalances. Despite this, China Lesso has maintained steady and determined progress, demonstrating the resilience of the Chinese economy. We deeply recognise that the long-term vitality of an enterprise lies in its ability to provide solutions to the issues of the times. At this new starting point, our thinking and practice centre on a deeper and broader form of "connection". It is not merely a connection of physical pipeline networks, but a focus on value creation across a wider scope and a longer time horizon, to achieve a deeper connection with stakeholders.

Connecting the World: Conveying Care through Global Expansion

Our globalisation is a systematic project of value integration. With "compliance and risk management" as the lifeline of overseas operations, we have established a full-chain risk control system through international certification, big data auditing and global intellectual property layout to ensure steady and sustainable development. In building our global supply chain, we proactively uphold a responsibility-oriented approach. From optimising logistics, innovating packaging and adopting ecology-prioritised site selection to developing high-standard products, we promote advanced environmental concepts throughout the entire process. True connection lies in the meeting of hearts and minds. We have built production bases in Tanzania, Angola and other regions to support local development; jointly established the "Lingnan Craftsman College" in Cambodia, adhered to localised employment, and empowered local teams through systematic talent programmes. With this original aspiration, we continue to build a solid "Heart-to-Heart Bridge".

Connecting the Future: Shaping Sustainable Opportunities through Green Actions

Facing the complex and evolving challenges of the future, we take the initiative to fulfil our responsibilities through green actions. We integrate low-carbon development into our operational DNA: improving the carbon management system, developing photovoltaic power stations on a large scale, promoting waste heat recovery and equipment upgrading, and collaborating with industrial chain partners to reduce carbon emissions. We pursue a future of circular symbiosis: realising the recycling of water resources in production; adopting reduction design in packaging and launching an innovative green model. Green development is not merely a cost, but also a source of competitiveness. Our R&D investment in agricultural water conservation, green building materials, marine engineering and other fields is transforming into new business growth drivers. The process of addressing challenges is exactly how we reshape our core competitiveness and drive a green future of sustainable growth.

Connection Built on Trust, Innovation Unleashing Potential

Connection, whether in space or time, is rooted in mutual trust. For sustainable development, such trust stems from the Group's sound governance and endogenous innovation. We continue to optimise our corporate governance structure, and the diverse backgrounds of the Board inject rich insights into the Group's strategies. We steadily improve our anti-fraud system and foster a culture of integrity to safeguard a sound business environment and uphold the bottom line of business ethics. We further promote technological and management innovation. From the lead-free innovation of agricultural ball valves to technological breakthroughs in mining composite pipes and large-diameter marine water pipelines, our "collaborative, efficient, digital and intelligent quality management model" consistently delivers more reliable solutions. Of course, the solid foundation of all the work of Lesso is inseparable from the joint progress of every Lesso staff at home and abroad. We continue to optimize the "dual-channel" development system, promote the "Hundred-Thousand-Ten Thousand" Talent Development Programme, and build a diverse, equal, inclusive, safe and belonging workplace environment, so that Lesso People can share the achievements of enterprise development and create a sustainable future of the enterprise no matter when and where they are.

We believe that in this journey of connection across mountains and oceans toward the future, high standards and strict requirements in every detail determine the depth and breadth of the connection. Lesso's dedication to innovation, respect for talents, and investment in a green future will eventually converge into a network where China Lesso and all stakeholders jointly create a "healthy and scenic living space", becoming our core competitiveness for the future.

Ingenuity forges quality, responsibility connects trust. Let us work together to draw a more sustainable, resilient and inclusive blueprint.

Board Statement

The Board of China Lesso strongly recognizes the importance of Environmental, Social, and Governance (ESG) factors to the Group's long-term, stable, and sustainable operations. In strict adherence to the requirements of the *Environmental, Social and Governance Reporting Code* issued by the Hong Kong Stock Exchange (HKEX), the Board integrates ESG elements into the Group's strategy formulation process, continuously advances the integration of ESG management into the Group's operations, improves the Group's ESG governance system and management mechanisms, and incorporates relevant matters such as "the impacts of ESG-related risks and opportunities, and the accurate identification and assessment of ESG materiality issues" into the Group's management.

The Board's Oversight of ESG Matters

As the highest decision-making body of the Group's sustainable development governance system, the Boardbears the ultimate overall responsibility for the Group's ESG affairs and continuously supervises the Group's ESG governance. The Board shall hold regular board meetings and be responsible for examining and approving sustainable development strategies, plans, annual plans, objectives, key issues and relevant material risks. The Sustainability Committee, established under the Board, has formed seven sub-committees: Environmental Management Committee, Human Resources Management Committee, Safety Management Committee, Customer Service and Quality Management Committee, Compliance Management Committee, Procurement Management Committee, and Diversified Industry Development Committee, which cover ESG related fields such as environment, human resources, safety and compliance. Led by the senior executives of the corresponding business segments, each committee is responsible for translating the ESG regulatory requirements of the Board into concrete work and promoting implementation, collecting ESG progress and data in its field and reporting the implementation to the Board. Among them, the compliance and safety committee also undertakes the function of internal supervision, which can verify the compliance situation and risks in the implementation of ESG and provide feedback to the board. In addition, the committees coordinate cross-departmental resources to promote the implementation of ESG measures across departments and ensure that the board's ESG requirements are effectively communicated to the executive level, thus achieving the board's overall oversight of ESG matters.

The Board's ESG Policies and Strategies

The Board recognises the potential impacts arising from ESG-related risks and opportunities, participates in the materiality assessment process for various ESG risks to identify material ESG issues and define strategic priorities for ESG management. In light of key ESG risk control areas, the Board establishes appropriate and effective mechanisms for ESG risk management and internal oversight. It regularly reviews and monitors the progress of ESG work, and continuously improves and enhances the Group's ESG management performance.

The Board's Review of ESG-Related Targets and Progress

In accordance with the requirements of the Hong Kong Stock Exchange's *Environmental, Social and Governance Reporting Code*, the Group has set key ESG targets covering critical areas including greenhouse gas emissions, waste management, water usage and energy consumption. The Board has reviewed and discussed the setting of such targets and their implementation progress.

The Group's 2025 Sustainable Development Report was reviewed and approved by the Board on March 30th, 2026.



About Us

Group Profile

LESSO (Stock Code: 02128.HK) is a major global industrial group in the piping and building materials sector. With more than **39** years of steady growth, LESSO, guided by its global footprint, has developed its business in multiple sectors, including piping systems, building materials and home improvement, and new energy. It offers various products such as pipes, new energy solutions, sanitary ware, integrated kitchen cabinets, integrated doors and windows, water purifiers, water-proofing materials and sealants, fire-fighting equipment, valves, switches and sockets, as well as plastic roofing sheets. LESSO achieved an operating revenue of RMB **24.315** billion in 2025.

Layout of Business

As a global enterprise, LESSO operates over **50** factories across more than **10** countries and **19** provinces in China, with its worldwide industrial and sales networks. LESSO continues to expand its global footprint and broaden its market presence, offering global customers diverse products, responsive services, and specialized solutions.

Research & Development and Qualifications

With more than **1,000** researchers, China Lesso has **45** national-level high-tech enterprises, one State-accredited Enterprise Technology Center, two post-doctoral research stations, and nine CNAS-accredited laboratories. The Group holds over **4,000** patents, and its scientific research achievements have been included in national-level projects on multiple occasions. It has also undertaken projects under national key research and development programmes and received a number of scientific and technological awards.

Business Segments

Pipes and Fittings	Plastic piping, underground utility tunnels, plastic manholes, agricultural piping, security piping solutions, valves, etc.
Building Materials and Home Improvement	Integral kitchens, Integrated wardrobes, Water purifiers, Showers, Wooden doors, Waterproof sealants, Resin tiles, etc.
New Energy	Photovoltaic Modules, Inverters and Energy Storage Solutions, etc.

Corporate Culture

Corporate Objectives
Revitalizing Chinese industry and building a world-class international business

Corporate Culture
Inclusive, pragmatic, innovative, progressive

Business Spirit
Entrepreneurship, innovation, scientific management and perfectionism

Business Strategy
Taking quality as the lifeline, leading with technology and aiming for customer satisfaction

Branding

The brand LESSO of China Lesso refers to the philosophy of linking, easy, safe, sharing and open corporate culture. The red logo represents exuberant life, indicating China Lesso's vitality, passion, vigor and prosperity, and implying the tireless pursuit and accomplishment of growing grand prospect and career.



L: LINK E: EASY S: SAFE S: SHARE O: OPEN

Brand Overview

Brand Vision
Becoming a global piping and building material group

Brand Concept
Building a relaxing life for residents

Brand Aspiration
All industries of society are united to build a "healthy" urban environment and living space

Brand Essence
A piping and building materials ecological industrial platform for building the urban environment and living space

Brand Commitment
Sustaining a healthy, scenic living space

Brand Value
Focusing on product quality, insisting in creativity, and delivering high-value products and services to the society

Core Brand Value

- High-quality piping, building materials and home improvement are conducive to health and cultural development
- Intelligent management of industries to help modernize and upgrade traditional industries (agriculture)
- Optimizing construction of urban infrastructure to serve sustainable urban development
- Providing high-quality products and services for major national projects

China Lesso – Highlighted Performance in 2025

Governance

- Number of employees at middle management level and above and in high-risk positions who participated in anti-corruption training **1,353**
- Anti-corruption training coverage rate for directors and senior management **100**%
- Corruption litigation cases **0**

Quality

- Customer satisfaction exceeds **90**%
- Product recalls due to health and safety issues **0**
- R&D and Technological Innovation Investment RMB **959.17** million

Environment

- Photovoltaic power generation **128,170,000** kWh
- Approximate electricity cost savings RMB **59.33** million
- Recycled water resources **5,540,000** tonnes
- Plastic recycled **171,751** tonnes

Employment

- Employee training hours **295,390** hours
- Courses developed **123** courses
- Social insurance coverage **100%**

Supply Chain

- Original Equipment Manufacturing (OEM) suppliers review rate **15**%
- Supplier training sessions conducted **79** sessions
- Number of suppliers reviewed **5,183**
- Number of suppliers participating in training **1,218**

Community

- Cumulative total external donations RMB **6.23** million
- Employee volunteer service hours **197** hours
- Employee volunteer activity participation **312** person-times

ESG Rating

Hang Seng Corporate Sustainability Index (HSSUS)	A-
S&P Global Corporate Sustainability Assessment	CSA Score: 42 | ESG Score: 43
Huazheng ESG Rating	BBB
Wind ESG Rating	AA
SynTao Green Finance	A-
CCXI Green Finance	A

Responsibility Spotlight

Voyaging Overseas — More Than Pipes, Building "Heart-to-Heart Bridge"

To systematically advance its globalisation strategy, China Lesso has comprehensively coordinated its overseas layout. The Group not only brings high-quality products and services to the world, but also commits to integrating the core values of environmental, social and governance (ESG) into the entire operation chain. By upholding high standards in supply chain management, operational localisation and community collaboration, we have built an efficient, compliant and resilient international development model, sharing value with global markets and communities to strengthen the Group's long-term competitiveness.

Strengthening the Operational Backbone of Compliance and Risk Management

We regard compliance and risk management as the lifeline of overseas operations and ensure steady and long-term development through institutional and technological measures.

Comprehensive compliance management system

We coordinate and manage international certifications such as UL and local regulatory certifications, and keep track of updates on an ongoing basis. All marketing and promotional materials are jointly reviewed by local employees and the headquarters to ensure compliance with both linguistic and cultural requirements. In terms of information security, we implement hierarchical access control for overseas customer systems and establish internal monitoring mechanisms to safeguard customer privacy and data security.

Strengthening risk management and audit supervision

We comply with the *Internal Audit Charter* and conduct internal audits focusing on information security, overseas business and other areas. During the reporting year, we completed the development and establishment of the big data audit platform, which has realised the monthly collection of operational and internal control indicators from domestic and selected overseas factories, supporting real-time risk prediction. Meanwhile, we actively promote the global registration of trademarks such as "LESSO" and "SNOW" and the overseas patent portfolio development of core technology products, building a solid intellectual property fortress for business expansion.

Building a Responsible and Sustainable Global Supply Chain

We regard the supply chain as a key link in the value chain, and integrate environmental protection, efficiency and compliance management throughout the whole process, committing to reducing environmental impact and enhancing overall resilience.

Green Logistics and Circular Design

By establishing data connectivity of IT systems, we have achieved real-time visualisation of the entire logistics process and large-screen monitoring at headquarters, providing support for decision-making optimisation. On this basis, we systematically optimise transportation routes, improve container loading rates and give priority to transporters with high energy efficiency, so as to reduce carbon emissions in logistics. In packaging, we promote source reduction and adaptive design: we have changed the packaging of exported pipe fittings from cartons to recyclable woven bags, reducing packaging material costs by **60%–70%** while keeping the loading volume per container unchanged. Meanwhile, we carry out differentiated improvements according to different market environments: for example, we adopt wooden frame packaging that is suitable for warehouse storage in Indonesia, and PE film with anti-UV properties in the United States to address the challenges of outdoor storage, which has significantly extended the product life cycle and reduced resource consumption.

Strict Localised Compliance and Strict Supplier Management

We have established a clear supply chain management mechanism. The procurement and customs clearance departments strictly distinguish between materials for export and those requiring local procurement to ensure full compliance with local customs policies and trade controls. Meanwhile, we have set up a supplier risk identification mechanism to continuously assess policy-related, logistics and compliance risks, and take timely action regarding non-compliant suppliers. In overseas factories, we strictly follow the Group's unified product standard system to ensure production complies with local and international environmental regulations, and proactively promote higher standards. For example, even when lead-containing pipes are still permitted in some countries, we still take the initiative to promote environmentally friendly pipes made of lead-free materials.

Whole Life Cycle Environmental Management

Starting from site selection, we adhere to the ecological priority, conduct ecological sensitivity assessments, strictly review land use, give priority to the avoidance of environmentally sensitive areas such as farmland, woodland and protected areas, and avoid operating near areas of important biodiversity. During the operation stage, overseas factories implement waste classification and recycling, and improve material recovery rates through crushing to reduce the volume of landfilled waste.

Deepening Local Integration and Becoming a Long-Term Partner in Community Development

We firmly believe that the success of an enterprise is inseparable from the prosperity of the local community, and we unswervingly promote the deep localization of talent, management and culture in global operations. In 2025, the Company updated the *Overseas Secondment Management Policy*.

Creating Jobs and Empowering Local Talent

We adhere to the principle of "prioritising local recruitment" for frontline employees and support their growth through a systematic local training system. In 2025, we co-established the "Lingnan Craftsman College" with universities in western Cambodia and Shunde Polytechnic College. With the model of "curriculum delivery + faculty training + targeted training", we cultivate skilled talents in plastic processing and building materials production for the local area, directly meeting the demand for technical positions in our factories in Cambodia. In addition, We have implemented a multi-level talent training system for our overseas core employees, covering the "New Momentum Training Camp", "Navigation Initiative" and "Voyage Programme", and launched the Special Programme for Chinese Global Business Managers.. Throughout the year, **183** people were attracted to participate in our internal recruitment drive for key positions, and **86** talents were successfully deployed to take up their posts.

Building overseas distributors who connect the world

To align with its overseas development strategy, the Company launched the Overseas Business Development Programme and the Overseas Business Development Camp. All overseas business staff and business managers were arranged to participate in video-based learning, covering approximately **400** people. The Company developed **46** micro-courses *of Dietary and Cultural Taboos in Various Countries*, involving Asia, Africa, Europe, the Americas, Oceania and major religious taboos. These courses have been incorporated into the training systems for international market product managers and all overseas assignees, so as to continuously improve the comprehensive literacy of overseas business professionals. For overseas distributors, the Company provided targeted training mainly online and supplemented by offline sessions for distributors in Central America, Liberia, Tanzania, Uganda and other regions. Through tailored courses on products and market trends, the Company has built a dedicated training system for overseas distributors.

Driving Local Development with Quality Products and Services

Our overseas production bases directly serve local infrastructure construction. For example, the opening of production bases in Tanzania and Angola aims to provide high-quality building materials and one-stop solutions covering water supply and drainage, municipal pipelines and other fields for local and surrounding countries, directly supporting local infrastructure and economic development. We carry out product R&D according to local market demand, for example, launching an exclusive sub-brand for the Malaysian market to ensure that products accurately match local user.

Respecting Culture and Building an Inclusive Workplace

To promote cultural integration and team stability, we have recruited multilingual employees as communication bridges, and provided human-centred care facilities such as prayer rooms and halal meals according to local conditions. The management systems of overseas factories, including working hours and safety guidelines, are locally adapted within the Group's framework.

Overseas Talent Development Programme

In 2025, we systematically promoted a multi-level overseas talent training system. For global frontline reserve cadres, we actively carried out the "New Power" Training Camp to shape their global vision; for on-the-job overseas backbones, we carried out training through the "Leading Voyage" Business Manager Training, "Far-reaching Journey" Technical Backbone Training Camp and institutionalized overseas assignments. We simultaneously launched the China Overseas Business Manager Special Programme to reserve core forces serving the overseas expansion of distributors.







Demonstrating Strength and Connecting Global Markets

As of the end of December 2025, China Lesso has constructed and put into production manufacturing bases in Tanzania, Philippines, Angola, Vietnam and other countries, and is planning new projects in Nigeria, the United States and other regions. Meanwhile, it has built overseas exhibition halls in Pakistan, Thailand, Mexico and other countries to promote brand influence.

China Lesso Establishes Presence in East African Market, Adding a New Growth Engine

In 2025, China Lesso's manufacturing bases in Tanzania and Angola were opened one after another, representing an important breakthrough for the Group to further deepen its presence in Africa and global markets and support the sustainable development of the industry. Relying on the Group's technology and resources, these new bases focus on localised operation and capacity cooperation, providing high-quality building materials and one-stop solutions covering water supply and drainage, municipal pipelines and other fields for the host countries. While supporting local infrastructure, industrial chain development and economic growth, they have also laid a solid foundation for the Group to continuously improve its global green building materials supply chain and respond to the dual-circulation strategy.





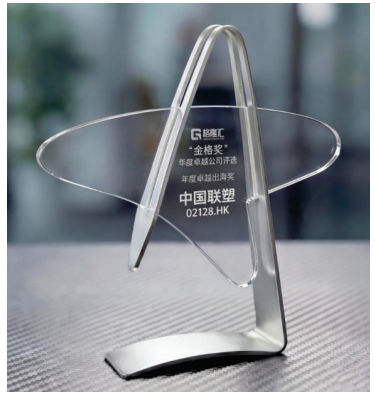
China Lesso Shines at BIG 5 GLOBAL Dubai 2025

At the opening of BIG 5 GLOBAL 2025 in Dubai, China Lesso showcased its integrated pipeline and building materials & home systems solutions, strengthening its brand footprint in the Middle East. The exhibition drew strong interest from international buyers and distributors, sparking collaboration discussions and paving the way for expanded market presence in the region.



Honours and Awards

On 22 December 2025, China Lesso was awarded the "**Annual Outstanding Overseas Expansion Award**" by Gelonghui.



01

Upholding Responsibility and Strengthening the Foundation of Governance



China Lesso has consistently integrated ESG governance into the whole process of its business operations. Through in-depth coordination between sustainable development governance and corporate governance, we have laid a solid foundation for the long-term, stable and sustainable development of the company.

Response to SDGs



Material Issues and Core Strategies

Material issues	Core strategies
Sustainable Development Strategies and Management	• Optimise the sustainable development governance structure to achieve effective management of sustainability matters at all levels, including regular reporting and review mechanisms • Strengthen two-way communication and collaboration with internal and external stakeholders, and periodically determine the materiality of various issues
Corporate Governance	• Pay attention to the independence, professionalism and diversity of board members, so as to strengthen the governance capacity of the Board • Refine the corporate governance framework, improve the corporate policies and systems, and standardise shareholder rights protection and investor relations management
Diversified Operations and Economic Benefits	• Innovate diversified operations, develop industries such as pipelines, building materials and home improvement, and new energy, pursue the expansion of business scale, focus on the improvement of profitability, and strengthen stakeholders' confidence in the development of the Group • Ensure high-quality and timely disclosure of operational information, enabling stakeholders to gain a comprehensive and objective understanding of the Group's actual business performance
Compliance and Business Ethics	• Improve the compliance management system, clarify compliance requirements, operational procedures, responsibility division and violation penalties, conduct regular compliance training, and enhance compliance awareness and operational skills • Strengthen the construction of business ethics, improve the anti-fraud management structure and whistleblower reporting and acceptance process, protect the personal safety and privacy of whistleblowers, and ensure that potential fraud cases are properly accepted and that the basic rights and interests of whistleblowers are not infringed • Conduct regular integrity publicity and training to enhance anti-corruption awareness among internal and external parties
Risk Control	• Improve the risk management structure, establish a long-term risk management mechanism, and strengthen the capabilities of risk identification, monitoring and prevention • Conduct regular internal and third-party audits involving the Group's personnel and operational management behaviors, and promptly rectify improper matters in process management

Key Performance Indicators (KPIs)

Number of employees at middle management level and above and in high-risk positions who participated in anti-corruption training **1,353**

Anti-corruption training coverage rate for directors and senior management **100%**

Corruption Litigation Cases **0**

Improving Corporate Governance

China Lesso strictly complies with laws and regulations such as the *Company Law of the People's Republic of China*, continuously optimises the corporate governance structure, deepens investor communication and the protection of investor rights and interests, adheres to the bottom line of business ethics, and improves the anti-fraud mechanism. We have built a comprehensive risk prevention and control system to underpin the Group's long-term high-quality development.

Corporate Governance System

We have established a governance structure with clear powers and responsibilities and efficient collaboration, and implemented board diversity to drive the high-quality development of the enterprise.

Corporate Governance Structure

The Group's governance structure takes the Board as the core decision-making body. Under the Board, there are four committees, namely the Nomination Committee, the Remuneration Committee, the Audit Committee and the Sustainable Development Committee, each undertaking professional oversight functions in their respective specific areas. These committees form a collaborative mechanism with the Group's key functional departments, establishing a complete governance chain of "decision-making - supervision - execution". In 2025, the Group set up the Sustainable Development Committee, whose specific responsibilities are referred to the Sustainable Development Governance chapter.



• Corporate Governance Structure

Board Diversity

We firmly believe that board diversity is the foundation for the Company to achieve strategic goals and realise sustainable development. In compliance with the requirements of the *Corporate Governance Code*, we have formulated relevant systems including the *Board Diversity Policy* and *Director Nomination Policy*, which explicitly incorporate diversity factors into the consideration of board nomination and appointment, including but not limited to gender, age, ethnicity, cultural background, educational background, professional experience, skills and knowledge. Further information on corporate governance is available on the Company's website.

In the process of appointing board members, we determine the optimal member composition based on diverse dimensions such as gender balance, professional background matching, empowerment of international vision and filling of functional gaps, considering the Group's own business model, operational needs and international business layout planning. Meanwhile, the Board continuously reviews its own structure, scale and skill mix, and supports corresponding recruitment, selection and training mechanisms to reserve talents, ensuring that the Group's diversity objectives are aligned with its development needs.

As of the End of December 2025

The Board currently comprises **3** female directors, accounting for **21.4%**, and **5** independent non-executive directors, accounting for **35.7%**.

Structure of Board Members:

Name	Gender	Professional Knowledge and Skills		Major Experience			Age		
		Building Materials Industry	Legal, Finance or Accounting	Building Materials Industry	Legal, Finance or Accounting	Technical Research	50 or below	51 to 60	61 to 70
Executive Directors									
Wong Luen Hei (Chairman)	Male	✓		✓					✓
Zuo Manlun (Chief Executive)	Male	✓		✓				✓	
Zuo Xiaoping	Female	✓		✓				✓	
Lai Zhiqiang	Male	✓		✓				✓	
Kong Zhaocong	Male	✓		✓				✓	
Chen Guonan	Male	✓		✓		✓		✓	
Luo Jianfeng	Male		✓		✓			✓	
Song Keming	Male	✓		✓			✓		
Huang Zhanxiong	Male		✓	✓			✓		
Independent Non-executive Directors									
Cheng Dickson (Lead independent non-executive director)	Male		✓		✓			✓	
Tao Zhigang	Male		✓ (Economic)		✓			✓	
Lu Jiandong	Female		✓		✓			✓	
Hong Ruijiang	Male	✓				✓		✓	
Lee Vanessa	Female		✓		✓		✓		

Communication with Investors

The Group strictly complies with the Listing Rules of the Hong Kong Stock Exchange (HKEX) and applicable securities market regulations. We regularly review and improve the *Shareholder Communication Policy*, improve the institutional system for investor rights protection, and effectively safeguard the legitimate rights and interests of investors.

We conduct investor communication and interaction through diversified and regular channels, including performance presentations, investor meetings, roadshows, regular email correspondence, daily telephone reception and investor research activities. This ensures that relevant information is disclosed to shareholders and investors in a true, accurate, complete and timely manner, protecting investors' right to information and right to participation.

In respect of sustainable development-related communication, we take the initiative to respond to investors' demands on sustainable development matters through diversified channels such as roadshows, strategy meetings and regular reports, focusing on issues of key concern to domestic and overseas investors, including carbon emissions management, climate risk response, short-, medium- and long-term carbon targets, occupational health and safety, and business ethics, so as to continuously enhance the transparency of sustainable development information and the effectiveness of communication.

Sustainable Development Governance

China Lesso practices its brand commitment to "sustaining a healthy, scenic living space", establishes and improves its sustainable development governance structure, builds diversified channels to strengthen stakeholder communication, continuously deepens ESG practices, and comprehensively consolidates the governance foundation for the Company's sustainable development.

Sustainable Development Governance System

We continue to improve the governance structure and establish a three-tier ESG governance system of "Decision-Making – Management – Execution", clarifying the core positioning and main responsibilities of each tier to ensure the implementation of ESG strategic plans.

Sustainable Development Governance Structure

The Board, as the highest decision-making and supervisory body for ESG matters, bears overall responsibility for ESG work. During the reporting year, we established the Sustainable Development Committee, which is responsible for the supervision and management of ESG matters, and has set up a monthly reporting mechanism. Under the Sustainable Development Committee there are seven management committees, each responsible for different dedicated ESG issues, coordinating the implementation of matters in respective ESG sub-areas, and regularly reporting work progress and issues to the Sustainable Development Committee.

The Group has set up an ESG Promotion Team, responsible for promoting the implementation of daily ESG work in various departments and subsidiaries, and regularly reporting the implementation status to the management committees.

ESG Governance Structure

Level	Organisation	Responsibilities
Decision-Making Level	The Board	• Authorizes the Sustainable Development Committee to supervise and make decisions on ESG matters.
	Sustainable Development Committee	• Reviews ESG strategy, long-term plans, annual plans, targets, key material issues, and major ESG risks; • Sets sustainable development goals and priorities; • Regularly reports to the Board and recommends approval for the release or disclosure of the ESG report and other sustainability-related disclosures; • Reviews the progress, experience and outcomes, and future plans of the Group's seven management committees.
Management Level	Management Committees	The seven management committees are responsible for ESG matters across different domains: • Environmental Management Committee: Oversees environmental management, energy and resource efficiency, emissions and waste management, climate change, biodiversity, and the circular economy; • Human Resources Management Committee: Focuses on employment diversity and compliance, employee remuneration and benefits, and employee training and development; • Safety Management Committee: Responsible for occupational health and safety; • Customer Service and Quality Management Committee: Manages product quality, responsible marketing, excellent service, and privacy protection and data security; • Compliance Management Committee: Addresses business ethics, risk control, and intellectual property; • Procurement Management Committee: Leads sustainable procurement and supplier management, and coordinates supply chain or value chain responses related to occupational health and safety and climate change;
Execution Level	ESG Promotion Team	• Prepare the annual ESG report and drive the implementation of sustainability tasks assigned by the Group, including day-to-day coordination; • Track the implementation of ESG initiatives and targets; • Collect and consolidate ESG-related information and data from respective departments; • Identify stakeholders, support stakeholder engagement surveys, and propose a material issues recommendation list.

To further advance the deepening and practice of the sustainable development concept at the grassroots level, during the reporting year, we organised and launched the selection of "2024 Outstanding Individuals in ESG Work". A comprehensive evaluation was conducted around core dimensions including the quality of 2024 ESG work task completion, timeliness of data submission and effectiveness of cross-departmental collaboration. In the end, **20** outstanding individuals were selected and awarded a certain amount of cash rewards.

Sustainable Development-Related Policies

We have established an ESG-related policy system covering environmental, social and governance dimensions, including the *Carbon Management Policy, Forest Conservation Commitment, Biodiversity Conservation Commitment, Supplier Environmental, Social and Governance (ESG) Commitment Statement, Human Rights Statement, Occupational Health and Safety Policy , Information Security and Privacy Protection Policy, Employee Diversity Policy* , which provide guidance for the Group's sustainable operation and practices.

Sustainable Development Honours and Awards

We have long practiced the philosophy of harmonious coexistence between the environment and society, and continuously injected strong impetus into sustainable development, winning recognition from various institutions. During the reporting year, China Lesso was awarded a number of sustainable development-related prizes and titles.

"Corporate Social Responsibility Pioneer Award" from Caixin Media

"2025 ESG Influential Enterprise" from Southern Public Welfare

"Social Pioneer Role Model" award from the Guangzhou Daily



Stakeholder Engagement

The Group values communication with its stakeholders, and actively seeks to understand their expectations and demands through a variety of channels, ensuring that the Group's sustainable development strategies and action plans are consistent with stakeholder expectations.

Stakeholder Engagement Channels

Stakeholder	Expectations and Concerns	Responsive Measures
Government and Regulatory authorities	• Compliance and business ethics • Sustainable development strategies and management • Circular economy • Public relations and social welfare	• Daily reporting and communication • Tax compliance • Forum and exchange activities • Active response to national policies
Shareholders and Investors	• Diversified operation and economic benefits • Corporate governance • Risk control	• Develop sound and scientific decision-making and supervision mechanisms • Regular disclosure of operation information • Organise special activities for different types of shareholders • Strengthen risk management and control
Customers	• Product quality • Excellent services • Privacy protection and data security • Responsible marketing	• Control product quality • Render excellent service • Protect customer privacy • Conduct satisfaction surveys
Employees	• Employee training and development • Employee remuneration and benefits • Occupational health and safety • Employee care and support • Employment diversity, equality and compliance	• Conducting diverse training programmes • Enhancing talent development and remuneration systems • Strengthening occupational health and safety management • Implementing diverse employee welfare initiatives
Partners	• Distributor management • Supplier management • Sustainable procurement • Compliance and business ethics	• Fulfil contracts according to the law • Carry out open bidding • Refuse commercial bribery • Participate in exchange activities in the industry
Communities and the Public	• Public relations and social welfare • Response to climate change • Emission and waste management • Energy resource utilisation efficiency • Biodiversity	• Conduct all kinds of social service activities • Intensify industrial support • Support rural revitalization strategies • Encourage employees to participate in voluntary services • Develop green industries • Put green operation into practice • Consolidate environmental governance • Strengthen environmental information disclosure

Materiality Assessment

We identify and conduct materiality assessment on material sustainability issues by integrating stakeholder survey results and industry focus areas. During the reporting year, we continued to adopt the double materiality principle, analysing the materiality of ESG issues from two dimensions: "Impact Materiality" and "Financial Materiality".

Identification and Assessment of Material Issues

Issue Identification and Database management: Based on the 2024 issue database, we updated the issue database from multiple dimensions with reference to the Hong Kong Stock Exchange's regulatory compliance requirements, domestic and international standards, and industry trends. It includes a total of **27** issues across the three major areas of environment, society and governance.

Impact Materiality Survey: In 2025, we distributed and collected **2,735** Impact Materiality Survey questionnaires from internal and external stakeholders, including senior management, employees, customers, government and regulatory authorities, communities and the public, distributors, suppliers, environmental organisations, and shareholders.

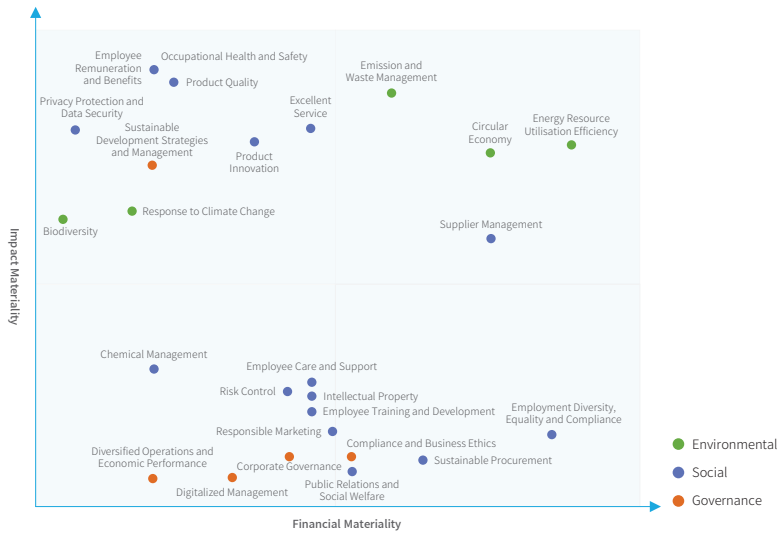
Financial Materiality Survey: We distributed and collected Financial Materiality Survey questionnaires from the Management Committee, comprehensively assessing the degree of financial impact of issues based on the likelihood and severity of financial impacts.

Materiality Evaluation: Based on the survey data of Impact Materiality and Financial Materiality, we evaluated the double materiality of issues, ranked their importance, formed the 2025 Materiality Matrix containing **4** highly material issues, and the evaluation results of issues were reviewed by the Group's management and external experts.

Issue Response and Disclosure: For the identified material issues, we actively formulated and implemented management action plans, presented them to the Board for confirmation, and provided key responses and disclosures in this report.

ESG Materiality Matrix and List

2025 Sustainability Materiality Matrix



2025 Materiality Issues List

Issue Significance	Issue Category	Material Issue
Highly Important Issues	Environmental	Energy Resource Utilisation Efficiency
	Environmental	Circular Economy
	Social	Supplier Management
	Environmental	Emissions and Waste Management
Moderately Important Issues	Social	Employment Diversity, Equality and Compliance
	Social	Sustainable Procurement
	Social	Excellent Service
	Social	Product Innovation
	Social	Product Quality
	Social	Occupational Health and Safety
	Social	Employee Remuneration and Benefits
	Social	Privacy Protection and Data Security
	Environmental	Response to Climate Change
	Environmental	Biodiversity
	Governance	Compliance and Business Ethics
	Social	Public Relations and Social Welfare
	Social	Employee Care and Support
	Social	Intellectual Property
	Social	Employee Training and Development
	Social	Responsible Marketing
	Governance	Corporate Governance
	Governance	Risk Control
	Social	Digitalized Management
	Social	Chemicals Management
	Social	Distributor Management
	Governance	Sustainable Development Strategies and Management
	Governance	Diversified Operations and Economic Benefits

Business Ethics and Anti-Corruption

China Lesso strictly complies with the requirements of laws and regulations related to anti-commercial bribery and anti-corruption, strictly prohibits any form of corruption and fraudulent conduct, deepens the construction of an integrity culture, and creates a clean and uprights business environment.

Anti-Corruption Management Structure and System

In accordance with national laws and regulations and combined with our actual situation, we have formulated the *Code of Business Conduct and Ethics* and *Anti-Fraud Management System and Whistleblowing Policy* applicable to all employees, management and partners. We clearly stipulate that all employees must abide by the Group's Code of Conduct, ethical standards, and the laws and regulations involved in the counry and industry. We also require partners to comply with the Group's anti-fraud principles and the *Supplier Code of Conduct*, and sign an *Integrity Agreement* to safeguard the legitimate rights and interests of the Group.

KPIs

In 2025, the Company had **0** corruption-related litigation cases.

We have established a tiered anti-fraud governance structure with clear responsibilities for each subject to implement anti-fraud management.

The Board and Audit Committee

Undertake the supervision responsibility for anti-fraud work, and conduct investigations and guidance on relevant matters when necessary.

Anti-Fraud Management Team

Responsible for making decisions on the acceptance, review and handling of fraud cases.

Internal Audit Department

As a permanent institution for anti-fraud work, it is responsible for receiving complaint materials, and conducting involvement and investigation work. In case of complex cases, an ad hoc Fraud Reporting Investigation Team will be set up to handle them.

Whistleblowing Management

We have established a standardized fraud reporting management mechanism, and set up multiple reporting channels such as letters and e-mails to ensure that employees, customers, suppliers, etc., can conveniently reflect issues that violate professional ethics, or report actual and suspected fraud cases.

In accordance with laws, regulations and the Group regulations, we take measures such as interview admonition, circularized criticism, post transfer, demotion and dismissal against those responsible for fraud; those who violate the law are transferred to judicial organs; employees dismissed due to fraud will not be given economic compensation and will never be rehired; for fraudulent partners, measures such as suspending payment, including them in the cooperation blacklist, and notifying regulatory authorities are taken.

Reporting and Handling Process

Submission of fraud allegations → Receipt and preliminary verification of reporting information → Formal acceptance of the report → Conducting a fraud investigation → Issuance of disciplinary decisions → Implementation of corrective and punitive measures

We require fraud investigation personnel to strictly keep confidential the relevant information of whistleblowers and the content of reports, and strictly prohibit any department or individual from retaliating against whistleblowers, so as to protect the legitimate rights and interests of whistleblowers from infringement.

Integrity Culture

We attach great importance to the construction of an integrity culture, carry out integrity publicity and special training for Board members, management and employees, strengthen the awareness of integrity in employment among all employees, and strictly adhere to the bottom line of compliant operation.

KPIs

Anti-corruption training coverage rate for directors and senior management	Number of employees at middle management level and above and in high-risk positions who participated in anti-corruption training
100%	**1,353**

China Lesso Conducts Legal Thematic Training Lecture

In November 2025, China Lesso invited prosecutors from the Foshan Municipal People's Procuratorate to conduct a legal thematic training lecture themed "Integrity Empowerment — High-Quality Enterprise Development". The training adopted a combination of online live streaming and on-site lectures. Colleagues including the director of the Group's Administration and Human Resources Centre, the director of the Legal Department, the Company secretary and various functional departments, helping employees to deepen their awareness of integrity and compliance.



On-site Scene of the Legal Thematic Training Lecture

Risk Control

China Lesso has established a sound risk governance system, formed a closed-loop mechanism for risk management processes, strengthened the effectiveness of internal audit supervision, and continuously improved risk prevention and control capabilities.

Development of the Risk Management System

In accordance with *the Basic Norms for Enterprise Internal Control*, and with reference to the *Enterprise Risk Management Framework* and *the Articles of Association*, we have fully embedded risk prevention and control measures into internal management systems including the *Contract Management Measures*, *Fund Management System*, *Fixed Asset Management System* and *Inventory Management Measures*, establishing a risk prevention and control system covering key business links. In 2025, we updated the *Overseas Assignment Management System* to further improve the risk management system.

We have established a sound risk management organisational structure. The Board assumes primary responsibility for the effectiveness of the overall risk management work. As the Group's highest-level risk management body, the Audit Committee oversees and approves decisions on the development of the risk management system, formulation of relevant policies, prevention of major risks and response to major crises. The Audit Committee has established a Risk Management Project Team, the Internal Control Centre, and the Internal Audit Department, which operate with clear division of responsibilities and collaborative coordination. As risk implementation entities, all functional departments strictly implement the basic risk management processes and improve their own risk management mechanisms.

We strictly comply with the requirements of internal risk management policies and systems, and embed risk management and compliance requirements into various business operations and management processes to ensure the standardisation and comprehensiveness of risk prevention and control. During the reporting year, we incorporated environmental and social risks, including natural disasters, environmental pollution, climate change, resource conservation, work safety and employee rights and interests, into the risk management framework. We conducted systematic identification covering the entire business process and internal and external environments, established a hierarchical, classified and quantitative assessment mechanism, and adopted differentiated risk prevention and control strategies to achieve precise risk management and control.

Internal Audit

In compliance with the *Internal Audit Charter*, we conduct internal audits focusing on information security, overseas business and other areas to strengthen the effectiveness of internal audit supervision.

We completed the development, construction and operation optimisation of the big data audit platform, which has realised the collection of monthly operating indicators and some internal control indicators from domestic pipeline factories and some overseas factories. The platform helps auditors grasp the Company's operating data and changes in real time, effectively bringing forward the risk prediction process.



02 Pursuing Excellence and Advancing Diversified Synergy

Adhering to the brand value concept of "Focusing on product quality, insisting on creativity, and delivering high-value products and services to the society", China Lesso has achieved win-win development with the market and injected strong momentum into its sustainable development through initiatives such as continuously promoting technological innovation and product iteration, building a full-process quality control system, and optimising customer services.

Response to SDGs



Material Issues and Core Strategies

Material issues	Core strategies
Diversified Operations and Economic Benefits	• Expand the application of plastic piping and pipe fittings in an all-round way, and actively explore market opportunities of agricultural and industrial piping • Promote the development of environmental protection business sector
Product Innovation	• Increase investment in R&D, attract top talents and make every effort to build a professional R&D team • Advance the transformation of digital management, and empower the product innovation and intelligent manufacturing by technology
Product Quality	• Establish strict quality management systems and production standards, and implement comprehensive quality test procedures • Attach importance to quality culture construction, and conduct quality management training for employees
Excellent Service	• Establish effective communication channels, pay attention to customer feedback, and quickly respond to customer needs to adapt to market changes
Responsible Marketing	• Follow the principles of true and fair marketing and regulate the use of advertising resources to avoid misleading and exaggerated publicity
Privacy Protection and Data Safety	• Establish an information security management system to ensure data security and prevent privacy disclosure • Strengthen information security training for all staff and improve employee information security awareness
Intellectual Property	• Formulate intellectual property protection systems and actively apply for patent protection • Establish monitoring systems, detect infringement in time, and investigate the tort liability through legal means

Key Performance Indicators (KPIs)

Customer Satisfaction Exceeds **90%**

Product Recalls due to Health and Safety Issues **0**

R&D and Technological Innovation Investment RMB **959.17** million

Innovating Products through Smart Manufacturing

Adhering to the core concept of "Innovation-driven Development", China Lesso has built a comprehensive technological innovation system integrating basic research, application development and outcome commercialisation, providing a solid foundation for in-depth exploration of piping technology.

Expanding Product Range

Relying on its integrated and comprehensive technological innovation system, the Group continues to tackle core technologies in the field of plastic piping. In 2025, the total number of scientific research personnel of the Group was **1,987**, including **436** female researchers.

Diversifying the Innovation of Products

Focusing on the needs of different application scenarios, we continuously expand product categories and pursue technological innovation, promoting the integration of innovative technologies with market demand. We actively expand our product portfolio and respond to market demand with a diversified, high-performance product matrix to strengthen our core competitiveness.

Agricultural Field:

China Lesso has established an Agricultural Research Institute, focusing on the diverse planting needs in the agricultural field. Combining the usage characteristics of agricultural scenarios and environmental protection requirements, the Group promotes product innovation and optimisation, develops diversified products suitable for application scenarios, and improves the environmental adaptability and ease of use of products to accurately match the core needs of agricultural production. In 2025, in response to the demand for the Construction of High-standard Farmlands, the Company provided differentiated agricultural piping products such as PVC-U agricultural pipes and inline patch drip tapes, as well as full-process technical services to regions including Hebei, and the Hexi Corridor in Northwest China. With the product advantages of weather resistance, corrosion resistance, and water saving, the Group has effectively improved the water resource utilisation rate, ensured the long-term stable operation of products, and provided solid support for food security and agricultural modernization.

Multi-dimensional Technical Optimisation of PVC Agricultural Ball Valves

China Lesso has carried out multi-dimensional technical optimisation on PVC agricultural ball valves:

- Valve Body Material Optimisation: Adopt a special lead-free PVC formula that balances structural strength and health and environmental protection standards, meeting the environmental protection requirements of agricultural scenarios.
- Valve Core Technology Upgrade: Innovatively adopt high-temperature resistant PP material to replace the traditional PVC valve core, which significantly improves stability and durability under temperature changes. Moreover, it is combined with the valve body through an integral injection molding process to ensure structural integrity and sealing reliability.
- Handle Material Adaptation: Aiming at the long-term outdoor service conditions in agriculture, adopt aging-resistant PVC material to replace conventional ABS, enhance UV resistance and weather resistance, and extend product service life.
- Connection Structure Innovation: Introduce a snap-fit assembly design, abandon traditional gluing or screw fixing methods, simplify the production and assembly process, and significantly reduce raw material and assembly costs.
- Comprehensive Performance Improvement: Under the same specifications, the optimised products have the advantages of lighter weight, smaller operating torque, and smoother hand feel, with better economy and environmental adaptability, accurately matching the needs of agricultural production scenarios.



PVC Agricultural Ball Valves

Industrial Field:

Focusing on the core usage requirements of wear resistance, pressure resistance, and corrosion resistance for mining piping systems, China Lesso has developed special composite piping products, innovatively applied several core technologies to solve key technical problems, and promoted large-scale production of products.

Mining Steel Cord Reinforced Polyethylene Wear-Resistant Composite Pipes

In response to the usage requirements of wear resistance, pressure resistance, and corrosion resistance for mining piping systems, China Lesso has developed mining steel cord reinforced polyethylene wear-resistant composite pipes. This product has the characteristics of light weight, wear resistance, high pressure resistance, corrosion resistance, and impact resistance, and is suitable for the transportation of tailings, slurry mixtures, mine liquids, and other materials in mines.

- Structural Design: The composite pipe consists of a co-extruded POE wear-resistant layer, an inner pipe layer, a reinforcement layer and an outer pipe layer. The wear-resistant layer provides wear resistance; the reinforcement layer is made of steel cords, mainly bearing pressure; the inner and outer pipe layers adopt antistatic and flame-retardant materials, which perform the key functions of antistatic protection, flame retardancy and structural protection.
- Core Technologies: A series of technologies are adopted, including automatic online sealing without sealing rings, crimping inner flanged flange connection, zonal constant temperature heating, detachable module assembly and contact melt temperature measurement. These technologies have solved key technical problems such as delamination and bubbling between the wear-resistant layer and the inner pipe layer, as well as unstable peeling strength of adhesive layers. Large-scale production has been realised for products ranging from DN90 to DN315, with a pressure-bearing capacity of up to 2.5–16.0 MPa.



Mining Steel Cord Reinforced Polyethylene Wear-Resistant Composite Pipes

Municipal Field:

In response to the needs of marine water conveyance pipeline projects, the Group has developed large-specification HDPE reinforced polyethylene structural wall double-flat winding pipes. By optimising the design of the pipe structural wall and the interface process, it has greatly improved adaptability and assembly efficiency, accurately matching the requirements of engineering automatic installation and construction.

Large-Specification HDPE Reinforced Polyethylene Structural Wall Double-Flat Winding Pipes

The highlights of product innovation are as follows:

- Adopt an innovative SQ-type double-flat composite winding reinforced structural wall design, which effectively improves the stiffness of the pipe and gives full play to material utilisation efficiency.
- Adopt an integrated processing and molding process for pipe interfaces, combined with the thickened design of the outer end of the interface, to improve interface strength and pipe tensile capacity, which can meet the strength requirements for long pipe section traction and immersed tube installation in marine water conveyance projects.
- The pipe connection adopts a homogeneous fusion welding method, and the tensile strength of the interface weld can reach the level of material tensile strength, avoiding the impact of fuse oxidation on the connection effect and the problem of secondary pollution.



Large-Specification HDPE Reinforced Polyethylene Structural Wall Double-Flat Winding Pipes

Honours and Awards

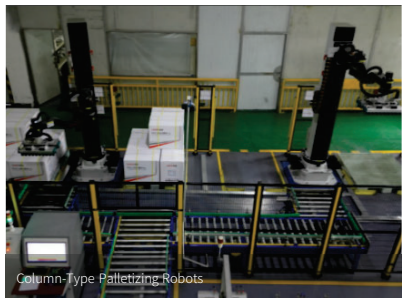
Award	Award-winning project
First Prize of Science and Technology Progress Award of Guangdong Light Industry Federation	"R&D of High-Efficiency and Energy-Saving Molding Processing Technology and Equipment for PVC Pipes" project
Second Prize of Science and Technology Progress Award of China Light Industry Federation	"R&D and Industrialization of Key Manufacturing Technologies for Mining Steel Cord Reinforced Polyethylene Wear-Resistant Composite Pipes" project
Third Prize of Science and Technology Progress Award of Guangdong Light Industry Federation	
Third Prize of Shaanxi Provincial Science and Technology Progress Award	"Technology Development and Application of High-Performance Polyolefin Series Silent Drainage Pipes" project by Shaanxi Lesso
CCMSA-Wie Tec Innovation Gold Award for China Indoor Healthy and Comfortable Environment	"Technology R&D and Industrialization of Lead-Free Rigid Polyvinyl Chloride (PVC-U) Pipes and Fittings for Building Drainage" project
Component Innovation Award of the 8th CBDA Housing Industry (Red Tripod) Innovation Competition	Home Decoration Ceramic Core Series Bionic Anti-Scaling PP-R Pipes

Promoting Intelligent Production

Adhering to the production development strategy of "Automation and Intelligence", the Group has steadily promoted automation upgrading and transformation. The Group's headquarters has completed the automation of production, packaging and assembly processes for large-batch products. Subsidiaries, characterised by a wide variety of products and small batch sizes, have achieved partial single-unit automation to enhance production efficiency.

Application of Column-Type Palletizing Robots

Aiming at the problem that multi-joint robots commonly used in the industry are difficult to adapt to the floor space of some venues, the Group has introduced column-type robots for palletizing and handling work, matched with the automatic reporting system independently developed by the Group, and realized seamless docking with the Manufacturing Execution System (MES), providing front-end basic equipment support for the Group's automation and intelligent development.



Column-Type Palletizing Robots

Application of Manipulator Safety Protection Functions

Aiming at the potential risks of safety accidents such as extrusion and collision that may be caused by personnel straying into the work area or operational errors during manipulator operations, the Group has adopted a protection scheme of "Real-Time Perception - Rapid Response - Active Intervention". A 3D protection area is constructed by emitting laser beams. When personnel or objects enter this area, the system immediately triggers an emergency stop mechanism, synchronously cuts off the manipulator's power source and activates an audible alarm prompt, avoiding related personal injury accidents and building a solid safety line for industrial automation operations.



Schematic Diagram of Manipulator Safety Protection Functions

Intellectual Property Protection

The Group attaches great importance to the management and protection of intellectual property rights. Through a standardised intellectual property management system and diversified protection measures, it fully safeguards core technologies and innovative achievements, and strengthens the market competitiveness barriers of technologies and products.

Intellectual Property Management System

The Company strictly complies with the intellectual property-related laws and regulations of the operating locations and has built a comprehensive management system covering the fields of trademarks and patents. In terms of trademark management, the registration, use, protection, and record-keeping of trademarks are standardized through the *Trademark Management Measures*, while infringement activities are properly addressed in accordance with the *Anti-Counterfeiting and Rights Protection Management Measures*, effectively safeguarding the security and enhancing the value of trademark rights. In terms of patent management, the Group has formulated the *Group Patent Work Management Measures* have been formulated to promote the standardized development and management of patent work and strengthen the protection and application of the Group's intellectual property rights. Meanwhile, a clear patent reward system has been established to encourage employees to apply for patents.

Intellectual Property Protection Measures

The Group has built a sound intellectual property protection and early warning mechanism, clarified the use standards and ownership clauses of intellectual property rights in cooperative scenarios, and has prevented potential intellectual property disputes from the source; it has continuously monitored market dynamics and industry competition patterns to identify and resolve potential risks in advance. During the reporting year, to support the expansion of overseas business, the Group has actively promoted the layout planning of the two core fields of overseas trademarks and patents; (see the Responsibility Spotlight for details).

KPIs:

Accumulated Number of Patents as of the end of 31 December 2025 (No.)		
Patents Accepted	Total number of patents	5,899
	Number of appearance design patents	380
	Number of invention patents	1,392
	Number of utility model patents	4,127
Granted Patents	Total number of patents	4,241
	Number of appearance design patents	242
	Number of invention patents	618
	Number of utility model patents	3,381

Number of New Patents in 2025 (No.)		
Patents Accepted	Total number of patents	359
	Number of appearance design patents	15
	Number of invention patents	64
	Number of utility model patents	280
Granted Patents	Total number of patents	353
	Number of appearance design patents	22
	Number of invention patents	41
	Number of utility model patents	290

Controlling Product Quality Strictly

Product quality is the foundation for an enterprise to gain a foothold in the market and a key guarantee for the improvement of brand value. China Lesso has implemented "strict requirements in every detail" throughout the entire product life cycle, built a full-process quality management system, standardized chemical management, cultivated a quality culture, and built a solid product quality defense line in multiple dimensions.

Chemical Management

The Group attaches great importance to chemical management and has formulated a series of internal systems such as the *Chemical Drugs Management System*, *Chemical Management Measures*, and *Hazardous Waste Management System*. We have clarified the classification standards and hierarchical management requirements of chemicals to ensure the standardized and compliant management of the entire process of chemical storage, use, and disposal, and effectively prevents safety and environmental risks.

Product Quality Management

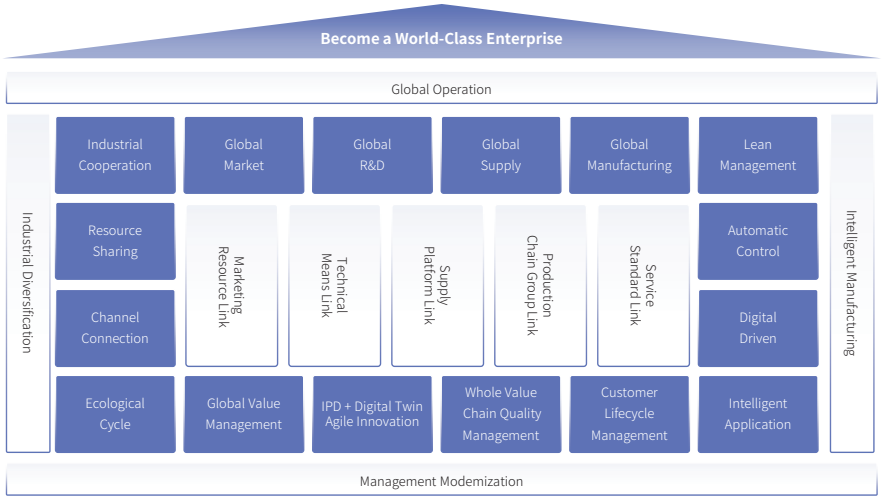
The Group has built a collaborative and efficient digital intelligent quality management model, implemented full-process management and control measures, actively promoted product quality certification work, and established a standardized and efficient recall mechanism to comprehensively ensure that products meet high-quality standards.

Product Quality Management System

The Group has built "Five Links and Four Moderizations" collaborative and efficient digital intelligence quality management mode. Based on the intelligent industrial Internet platform, relying on technical means such as a unified development platform, intelligent workshops, QMS (Quality Management System) and PQC (Production Quality Control) system, it has realized intelligent manufacturing and digital operation of the entire business chain, fully connected the five links of "resources, technology, supply chain, production chain, and service", and formed full-value chain quality management and control and industrial chain quality collaboration.



"Five Links and Four Moderizations" Collaborative and Efficient Digital Intelligence Quality Management Mode



The Group has improved "quality" through "intelligence" and continuously deepened the full-process production quality management system centered on the factory Manufacturing Execution System (MES), promoting the in-depth integration of AI and big data technology with production quality management and control. In the quality control link, through functions such as centralized collection and analysis of quality data and embedded acceptance standards, automatic quality judgment has been continuously implemented. At the same time, through the PLM (Product Lifecycle Management) project document module and the forwarded document viewing function, the closed-loop management of quality problems has been strengthened. The Group has actively promoted ISO 9001 Quality Management System certification work. During the reporting year, **39** production bases obtained ISO 9001 Quality Management System certification, accounting for 66.1%.

During the reporting year, China Lesso won the Nomination Award of China Quality Award with its "collaborative and efficient digital intelligent quality management mode"; the Large-Diameter Municipal Pipeline Team of Heshan Lesso was awarded the Nomination Award of Guangdong Provincial Government Quality Award for its team quality management model driven by "demand orientation" and "continuous improvement".



• Nomination Award of China Quality Award

Product Recall Mechanism

The Group has adopted an efficient and accurate product recall mechanism, relying on an inter-departmental collaborative linkage mechanism to ensure the rapid response to customer needs and the efficient handling of on-site problems. For product defects, the Group will conduct in-depth research and judgment, accurately clarify the direction of improvement, and ensure that various optimisation measures are implemented effectively. At the same time, it links the technical and production departments and continuously optimises the production process based on the conclusions of defect analysis, steadily strengthening the stability of product quality and continuously improving customer satisfaction.

In 2025, the Group received **6,359** product quality complaints; no product recalls due to health and safety issues occurred.

Product Recall Mechanism

If a recall is confirmed by the review group, the Quality and Process Management Center immediately issues a notification letter to inform dealers about the recall.	The Customer Service Center suspends order receiving and shipment of the recalled products, while the Warehousing and Logistics Center conducts inventory checks and returns identified products to the production workshop for processing.	The Warehousing and Logistics Center records the quantity of returned products and notifies quality inspectors for inspection and confirmation. The recalled products are processed by the warehouse within one working day.	The production workshop processes the recalled products received within one working day and completes the relevant receipt documentation.	After the products have been processed, the Quality Management Department issues a report to the responsible departments and urges for corrective actions. All recall records are compiled and retained to form a recall management file.

Product Quality Management Measures

The Group implements full-process closed-loop management and control of product quality, covering key links such as raw material selection, formula R&D, production process, and product warehousing. Each process is equipped with a special quality inspection department to carry out monitoring and control work, strictly implements the three-inspection system of "self-inspection, mutual inspection, and random sampling inspection", earnestly implements the standard requirements of production operation guidelines and the 6S (Sort, Set in Order, Shine, Standardize, Sustain, Safety) on-site management standards, and ensures that the entire production process strictly meets the requirements of high-quality standards. During the reporting period, the product qualification rate exceeded **98%**.

Product Quality Certification

The Group strictly follows relevant industry standards to promote product quality certification work, covering key indicators such as unit energy consumption, physical properties, and chemical properties, to ensure that certified products meet industry norms and usage needs. Meanwhile, in combination with the overseas business expansion strategy, the Group has built a sound product quality certification system according to the needs of the sales market and the relevant laws and regulations of the local area, laying a solid foundation for product compliance.

In 2025, the Group obtained **133** new overseas product quality certifications and **7** domestic product quality certifications, covering pipelines, energy storage, building materials and other fields.

Quality Culture Development

The Group has continuously improved the quality empowerment system, formulated hierarchical and classified training plans covering all functional departments and front-line production, with training content covering key areas such as quality management system optimisation, precise control of production processes, and efficient handling of customer feedback, effectively strengthening the practical driving force of grass-roots units in quality improvement. At the same time, through various forms such as "Quality Month" and quality knowledge competitions, the Group has comprehensively deepened the construction of full-staff quality awareness.

Holding Quality Month Knowledge Competition

In October 2025, the Quality and Technology Department of the Company organised a Quality Month Knowledge Competition, covering key knowledge points such as product technology, safety, and regulations. The competition covered more than 3,200 person-times, and through the form of promoting learning through competition, it strengthened the mastery of core quality knowledge by personnel in various positions, injecting vitality into the implementation and penetration of the enterprise's quality culture.



On-site Scene of Quality Month Knowledge Competition

Improving Customer Experience

Improving customer experience is a key approach for enterprises to maintain customer relationships. China Lesso optimises the full-chain customer service system, adheres to honest and compliant marketing methods, strictly implements customer information security management and control mechanisms, and comprehensively protects customer rights and interests.

KPIs

Customer Satisfaction	Number of Complaints Received:	Complaint Response Rate:
Exceeds **90%**	**6,359** cases	**100%**

Providing Excellent Service

The Group has formulated a series of internal policies such as the *Customer Service Management Measures* and *Customer Satisfaction Measurement Measures*, built an integrated "pre-sales, in-sales, after-sales" service process, accurately meets customer needs, provides customized service solutions, and offers full-cycle service empowerment for customers. During the reporting year, the customer service system added an AI rapid response function to improve the efficiency of customer consultation responses.

Pre-sales, In-sales, and After-sales Service System

Pre-sales Service	In-sales Service	After-sales Service
We provide customers with detailed product design information and professional consulting services, including dealership operation models, through customer service hotlines and online feedback.	We strengthen in-sales communication channels to ensure timely responses to customer needs, offer guidance on product installation and usage, and support the development of reasonable usage plans.	We continuously provide technical support and ensure a positive customer experience by conducting product quality follow-ups and establishing effective information feedback and improvement mechanisms.

The Building Materials and Home Improvement Sector Builds a Service Network for End Consumers

The building materials and home improvement sector has built a service network for end consumers (TOC), with specific measures as follows:

- Build a full-cycle TOC service system: Provide free design, high-quality products and accompanying communication, establish an efficient after-sales response mechanism, and respond to key issues within 10-15 minutes and formulate solutions.
- Implement localized and differentiated services: Focus on the Guangdong-Hong Kong-Macao Greater Bay Area and the South China region to set up local service teams. Combined with the high-humidity climate characteristics such as "Huinantian" (southern China's humid season) in South China, recommend waterproof boards and enhanced edge banding technology, and optimise the moisture-proof configuration in key areas.

Customer Complaints Management

The Group has formulated institutional norms such as the *Management Measures for Customer Complaints* and *Service Management Manual* to ensure the standardization of the complaint handling process. At the same time, the Group has established diversified complaint channels, including on-site feedback, complaint hotlines, Wexin platforms, and email, to provide customers with convenient channels to express their demands.

For the customer complaints received, the Group conducts clear classification and arranges professional teams to follow up and handle them in a targeted manner, ensuring the first response within **2** hours and clarifying solutions within **24** hours, so as to improve customer satisfaction in problem solving through efficient responses. At the same time, according to customer feedback, the Group actively responds to and optimises relevant measures. During the reporting year, in response to the problem of high costs of pipeline connection equipment reflected by some customers, the Group updated the *China Lesso Group Pipeline Connection Equipment Management Measures* to further reduce the rental deposit and maintenance costs of pipeline connection equipment.

Fulfilling Responsible Marketing

The Group integrates the concept of responsibility into all links such as marketing planning, communication and promotion, and channel operation, resolutely eliminates non-compliant behaviors such as exaggerated publicity, false commitments, and misleading statements, and ensures that marketing activities are legal, compliant, true and credible.

The Group has formulated the *Advertising Resources Management Measures*, clearly defined the responsibilities and authorities for the use of advertising resources, standardized the implementation standards of advertising publicity, label identification and various marketing activities, and ensured that marketing content complies with legal and regulatory requirements and industry norms. At the same time, it strengthens unscheduled inspections on the launch and use of advertising resources, and severely handles illegal behaviors of handlers, responsible persons and relevant cooperative parties.

During the reporting year, the Group actively accessed online platforms. The Group formulated and implemented special restrictive clauses for online channels to ensure that marketing behaviors are compliant and controllable.

Privacy Protection and Data Security

The Group has established and improved a comprehensive protection system covering network protection, data management and control, and compliance supervision for the full-life cycle security of customer data. Through standardized systems and procedures, it ensures the security and integrity of customer-related information and data assets.

KPIs:

Number of customer information security incidents: **0**	Number of information security audits: **1**

Number of regular privacy protection training sessions: **22**	Total training duration: **1,431.20** hours	Number of participants: **770** person-times

Network Security Management

The Group focuses on promoting the construction of a network security operation system. Through the supply chain service platform obtained China cybersecurity level 3 certification and the implementation of network security service projects, it has comprehensively improved its information security management systems and realized the standardization and institutionalization of management processes. At the same time, relying on the network security operation platform to conduct real-time monitoring and in-depth analysis of potential security threats, it has built a security protection system, quickly identified potential risks, and enhanced its ability to detect malicious attacks, respond to them, and handle security incidents.

- To meet the needs of promoting remote office scenarios, the Group launched a zero-trust system. Through continuous identity authentication and authorization, it ensures the secure access of application systems.
- The Group has established a normalized security protection mechanism, adhered to daily security inspections, found and handled **737** malicious IP addresses, and blocked **51** malicious domain names throughout the year; through regular monthly vulnerability scans and regular internal information security hidden danger investigations, it ensures that risks are found and handled in a timely manner, with a rectification completion rate of over **90%**.

Relying on the above multiple protection measures, the Group has continuously improved its risk identification and response capabilities. During the reporting year, it successfully resisted external network attacks such as DDoS attacks and malicious crawlers, and effectively monitored and prevented malicious external connection attempts and suspicious data outbound behaviors through the deployment of an internal threat perception system, realizing manageable and controllable internal risks.

Information Security Management

The Group has established a security management system covering the full lifecycle of data. Through the *Information Security and Privacy Protection Policy, Data Security Management System*, and *Database Management Specifications*, it standardizes information processing behaviors, clarifies data classification and grading standards and management and control requirements, and realizes process-based management and control from database launch, authority approval, change operation to backup and destruction.

- Daily data management conducts process approval and data review through internal platforms, ensures system stability through real-time monitoring and regular inspections, and strictly implements security principles such as least privilege, three-person separation, and bastion host access. It deploys security equipment such as firewalls, WAF, and situational awareness tools to monitor and analyse network threats in real time.
- It formulates a data backup plan, regularly backs up application system databases, and conducts regular verification of the effectiveness of backup data; it encrypts the storage of sensitive data in core business systems, and implements synchronous-asynchronous replication in the same city and asynchronous backup in different places.
- The Group requires suppliers accessing the Group's office network to apply for internal equipment access through relevant departments, sets access permissions according to the principle of least privilege, and requires them to sign confidentiality agreements; it strictly prohibits unauthorized export or transmission of data, and necessary data output must go through approval and desensitization processing. Through network isolation and regular audits, it comprehensively prevents data security risks brought by third-party cooperation.

To strengthen the cultivation of information security awareness among all staff, during the reporting year, the Company carried out **15** information security training sessions with a cumulative participation of **767** personnel and a total duration of **1,032.80** hours, significantly enhancing the vigilance and practical response capabilities of the relevant operation and maintenance personnel.

Through the standardization of information security operations, the Group has achieved **"zero occurrence"** of information security incidents throughout the year, effectively protecting customer privacy and enterprise data asset security.

03 Green Innovation Leading a Low-Carbon Future

China Lesso has always adhered to the concept of green operation, actively responded to the United Nations Climate Action Initiative, and fully supported the national strategic goals of "Carbon Peak by 2030 and Carbon Neutrality by 2060". While strictly managing environmental impacts, continuously optimising resource utilisation, conducting in-depth climate risk and opportunity assessments, and vigorously advancing the research, development and application of green products through technological innovation, we unwaveringly follow the path of green, low-carbon and sustainable development.

Response to SDGs



Material Issues and Core Strategies

Material Issues	Core Strategies
Energy and Resource Utilisation Efficiency	• Set energy consumption goals, optimise energy management systems, build green factories, develop green and environmentally-friendly products related to energy conservation and carbon reduction, and explore new energy business
Emissions and Waste Management	• Set goals with respect to GHG emissions, hazardous and non-hazardous waste generated • Formulate various waste management policies, and handle waste by category and in a compliant manner • Optimise production process, and promote green office practices
Climate Change Response	• Conduct climate-related risk and opportunity evaluation, analyse the impact of climate change on corporate operations • Lay down climate change response measures, perfect energy and carbon management systems, and reduce climate change influence
Circular Economy	• Actively adopt recycling for production water and packaging, and achieve packaging saving in the aspects of materials used, packaging methods and using methods
Biodiversity	• Implement biodiversity protection philosophy, and protect forest and marine environment from the respective of the Group's own business

Key Performance Indicators (KPIs)

128.17 million kWh of photovoltaic power generated

2024: 56.55 million kWh

Approximate RMB **59.33** million of electricity cost savings

5.54 million tonnes of water recycled

2024: 5.26 million tonnes

171,751 tonnes of plastic recycled

2024 : 160,389 tonnes

Embarking on Green Goals

China Lesso strictly fulfils its main responsibility for environmental protection, taking greenhouse gas emissions, waste disposal, water resource consumption and energy consumption management as key areas. Through environmental protection measures such as carbon reduction, waste reduction and water conservation, the Group will thoroughly tap the potential of energy conservation and emission reduction within the Group, and promote the synchronous improvement of economic, social and ecological benefits. In 2025, China Lesso carefully assessed the achievement of its targets, and scientifically formulated its green development goals for 2026 based on comprehensive factors such as future development.

Green Development Goals[1]

Type	Green Target 2022–2025	2025 Performance	Green Target 2026
Greenhouse gas emissions	By 2025, reduce the Scope 2 greenhouse gas emission intensity per unit of output by 3% cumulatively from 2021 (253.59 kg CO_2/tonne)	Greenhouse gas emission intensity is 226.90 kg CO_2/tonne	Reduce Scope 2 greenhouse gas emission intensity per unit of output by 1% from 2025 levels
Hazardous waste generated	By 2025, control hazardous waste generation per unit of output to below 1.1 kg/tonne	Hazardous waste generation is 0.24 kg/tonne of output value	Maintain hazardous waste generation per unit of output below 0.3 kg/tonne
Non-hazardous waste generated[2]	By 2025, control non-hazardous waste generation per unit of output to below 1.0 tonne/tonne	Non-hazardous waste generation is 0.08 tonne/tonne of output value	Maintain non-hazardous waste generation per unit of output below 0.1 tonne/tonne
Water consumption[3]	By 2025, control total water consumption intensity per unit of output to below 1.60 tonne/tonne	Water consumption intensity is 1.41 tonne/tonne	Maintain total water consumption intensity per unit of output below 1.5 tonne/tonne
Energy consumption	By 2025, limit the increase in total electricity consumption intensity per unit of output to within 3% compared to 2021 (236.47 kWh/tonne)	Energy consumption intensity is 476.34 kWh/tonne[4]	Limit the increase in total electricity consumption intensity per unit of output to within 5% compared to 2025 levels

[1] The scope of China Lesso's green targets covers the Group's domestic piping business.

[2] Includes nozzle waste and defective products generated during the production process, as well as solid waste generated in office and living areas. The vast majority of non-hazardous waste generated during our production process has been recycled.

[3] Includes water consumption for production and domestic use. Water consumption mainly comes from domestic use in office and living areas, while the main water consumption during production comes from the replenishment needs of the circulating water system.

[4] Due to the Company's business expansion, changes in product structure, and further refinement of environmental data management, the achievement of this indicator in 2025 deviates to some extent from the originally set target.

Insisting on Green Operation

Leveraging its robust environmental management system, China Lesso continuously strengthens environmental monitoring, waste control, and noise management, comprehensively enhances environmental risk management, and actively promotes green production and operations.

Key Performance Indicators (KPIs)

As of the end of December 2025, the Group had chaired or participated in the formulation and revision of **45** national, industry, and association standards, as well as national standard design atlases and technical specifications.

Environmental Management

The Group strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other relevant laws, regulations and industry standards. It has formulated a series of internal control systems, including *Environmental Policy Statement* and *Management Regulations on Energy Conservation and Consumption Reduction*, the *Energy Management Manual* and the *Carbon Management Policy*. The Group regularly inspects the compliance of these systems, continuously improves its environmental management system, and carries out the investigation and identification of potential environmental risks.

Environmental Management System

The Group strengthens the standardisation and guidance of environmental management for entities and projects at all levels through four dimensions: environmental resource management, emergency response mechanisms, environmental knowledge training and product carbon footprint management. It continuously tracks environmental management performance, implements corrective and preventive actions in a timely manner, verifies rectification outcomes, and continuously consolidates the environmental management system to ensure the effectiveness of environmental protection management. As of the end of December 2025, **39** production bases had obtained environmental management system certification, accounting for **66.1%**.

Four Dimensions of the Environmental Management System and Key Tasks

Environmental Resource Management

Allocate human resources, infrastructure, working environments, technology and information resources.

Emergency Response Mechanisms

Establish an emergency response team and regularly organise emergency drills for fires and sudden environmental incidents.

Environmental Knowledge Training

Strengthen training on laws and regulations, promote both face-to-face training and online live streaming, develop an internal trainer team, and enhance employees' safety and environmental awareness (**182** environmental knowledge training sessions were conducted during the reporting year, with a total of **4,059** participants).

Product Carbon Footprint Management

Improve the management framework, participate in the formulation of product carbon footprint accounting rules, and cooperate with external consultants to measure carbon emissions at all stages of the product' s full life cycle.

Environmental Risk Control

The Group has formulated internal systems including the *Control Procedures for Environmental and Workplace Safety Management Operation*, the *Control Procedures for Environmental and Occupational Safety Management Monitoring and Measurement*, the *Control Procedures Concerning the Identification, Assessment and Updating of Environmental Factors* and the *Emergency Plans for Environmental Safety Accidents*. It regularly organises the identification and assessment of environmental factors as well as the identification and adaptation of laws and regulations, guides all subsidiaries and production workshops to identify potential hazards, develops emergency response procedures for environmental incidents, and controls environmental risks in a timely manner.

To effectively address the impact of extreme weather on production and operations, the Group formulated and issued the *Special Emergency Plan for Natural Disasters* and *Emergency Measures for Strengthening Response to Extreme Weather* in 2025, further improving the emergency management system and enhancing the capability to respond to and handle emergencies.

In 2025, the Group recorded **no environmental violations**, illegal acts or administrative penalties imposed by environmental protection authorities.

Identification, Assessment and Updating of Environmental Factors	Emergency Handling of Environmental Safety Accidents
Identification: Each department shall conduct identification, focusing on potential environmental impacts under three timeframes (past, present and future) and three states (normal, abnormal and emergency), and consider the entire process of production and related activities.	Organisational Leadership: The Chief Executive shall serve as the group leader; an emergency leading group shall be jointly formed by multiple departments including safety supervision, administration, warehousing, logistics and production; on-site emergency teams shall consist of safety responsible persons of each department, employees in charge of safety work and personnel with professional skills.
Confirmation: Each department shall summarise the assessment of environmental factors; the management representative shall conduct the investigation and judgment of the factors; the system office shall summarise the company-level significant environmental factors.	
Assessment: Environmental factors shall be evaluated from multiple dimensions, including resource and energy consumption, compliance, stakeholders' suggestions, and the degree of potential impact consequences.	Accident Classification: Accidents are classified into two categories (general and major) based on their impact; they are also divided into various types such as fire, explosion, oil leakage, chemical leakage and typhoon according to the accident type. Preventive and handling procedures shall be formulated by category.
Updating: When laws and regulations, business development direction or stakeholders' requirements change, each department shall re-identify and re-assess environmental factors.	

2025 Hazardous Waste Emergency Plan Drill

On 3 July 2025, the Group organised and carried out the "2025 Emergency Environmental Incident Emergency Plan Drill". This drill simulated a hazardous waste leakage scenario, aiming to improve the emergency response capability of the emergency response team in terms of protective equipment use, accident rescue and personnel evacuation. The drill enhanced the environmental protection and safety awareness of all employees, especially improving their emergency handling capability when facing sudden incidents. Through the practical drill, the coordination capability of the emergency response team was trained, and the Group's capability to respond to sudden environmental incidents was significantly improved.





Developing Green Products

China Lesso has always adhered to the concept of environmental protection, kept pace with the market trend of green development, and continuously deepened environmental protection technology innovation in the industrial, municipal and agricultural fields.

Empowering Green Agriculture: Leading Sustainable Cultivation through Innovative Environmental Protection Materials and Soilless Culture

We adopt lead-free formulas and calcium-zinc stabilisers to effectively reduce the heavy metal content of seedling cultivation pipes, thereby reducing the absorption of heavy metals by plants during growth and improving the safety and environmental friendliness of cultivation. Meanwhile, we focus on soilless culture systems, with substrate troughs and hydroponic pipes as core products, providing efficient and safe planting solutions for green agriculture.



• Lead-free Hydroponic Pipes

Boosting Green Building Materials: New Pipes Facilitate the Development of Green Buildings

We have developed two new types of environmentally friendly building pipes — PP-R reinforced composite pipes and PE-Xb oxygen barrier pipes. The PP-R reinforced composite pipes have successfully solved the leakage problem caused by material separation of metal composite pipes, reducing water resource waste and maintenance frequency to achieve low-carbon energy conservation. The PE-Xb oxygen barrier pipes adopt a three-layer composite environmental protection structure and select silane cross-linked polyethylene materials, which significantly enhance heat transfer efficiency, reduce energy waste, and help buildings achieve low-carbon energy conservation goals.

Supporting Green Mines: Mining Composite Pipes Promote Green Mine Projects

The steel cord-reinforced polyethylene wear-resistant composite pipes for mining are innovative products developed to meet the wear resistance, pressure resistance and corrosion resistance requirements of mine piping systems. The pipes adopt automatic online sealing technology without sealing rings, enhancing the pressure-bearing capacity of joints, reducing the contact surface of corrosive media, extending the service life of pipes, and saving resource usage. The product has won the Third Prize of Science and Technology Progress of Guangdong Light Industry and the Second Prize of Science and Technology Progress of China National Light Industry Council.



• Certificate of Science and Technology Progress Award for Lesso Mining Composite Pipes

Supporting Green Municipalities: Innovative Structure Improves the Performance of Marine Water Conveyance Pipes

China Lesso has developed HDPE reinforced polyethylene structural wall double-flat wound pipes specifically for marine water conveyance scenarios. The innovative structural design optimises pipe stiffness and material utilisation, enhances joint strength, and improves tensile capacity to meet the demanding requirements of long-distance pipe traction and immersed pipe installation. Utilising homogeneous fusion welding technology, the weld tensile strength reaches the material's maximum grade, effectively eliminating fuse oxidation and secondary pollution risks.

Eco-friendly Product Design Practices Based on LCA

In product development, the life cycle assessment (LCA) methodology is adopted to systematically evaluate and optimise the environmental performance of products, with a focus on material selection, resource circularity and carbon emissions.

PP Quick-connect Fittings: Materials free of hazardous substances such as lead and halogens are selected, which can be 100% melted and recycled into pellets after disposal. A modular, detachable design is adopted to achieve component commonality, significantly reducing resource input. The carbon emission reduction across its whole life cycle reaches 22%–30%.

PE Agricultural Water Supply Pipes: A three-layer co-extrusion die structure is introduced for process optimisation. With 30%–45% recycled materials utilised, the recycling rate of solid waste is substantially increased, achieving an 8%–15% reduction in carbon emissions per tonne of product.

Management of the Three Wastes

China Lesso strictly complies with the local laws and regulations governing pollutants and waste disposal at all our operational locations. To ensure the compliant discharge of all pollutants and minimise environmental impact, the Group has formulated a series of internal management rules, including the *Water Pollution Control and Management Regulations*, the *Atmospheric Pollution Control and Management Regulations*, and the *Regulations on Waste Management*.

Treatment of Waste Water

We strictly adhere to relevant legislative requirements by installing water quality purification equipment in production circulation tanks to improve the quality of cooling water. Additionally, we have implemented rainwater and sewage diversion renovations to enhance overall water resource utilisation efficiency. As of the end of December 2025, Guangdong Lesso had installed **395** sets of water filtration systems and **72** sets of water quality purification equipment.

In accordance with the Discharge Limits of Water Pollutants (Guangdong Provincial Local Standard), we conduct annual sewage discharge testing. Should any non-compliance be detected, immediate corrective actions are implemented. We strictly ensure that both cleaning wastewater and domestic sewage undergo three-stage filtration before being discharged in full compliance with standards. In 2025, the Group legally discharged **2,169,029.62** tonnes of domestic sewage (2024: 2,298,045.82 tonnes).

Waste Water Discharge Volume and Density (2023-2025)

Indicator Name	Unit	2023	2024	2025
Waste Water Discharge Volume	Tonnes	2,373,840.00	2,298,045.82	2,169,029.62
Waste Water Discharge Density	Tonnes/RMB 10,000	0.77	0.85	0.89

Waste Gas Emissions Management

We enforce strict monitoring and control over key waste gas emissions—including nitrogen oxides, sulfur oxides, and particulate matter—generated during production and operational processes, in line with national laws and standards. We maintain the optimal functionality of our abatement equipment through regular maintenance, such as replacing water in spray towers, cleaning wet electrostatic precipitators, and renewing activated carbon in adsorption units. Furthermore, we continuously upgrade our waste gas treatment facilities by introducing advanced technologies, implementing a comprehensive control strategy from source to end-of-pipe. As a result, the Group achieves **100%** compliance with emission standards, with actual emissions remaining consistently below the permitted total quota.

Waste Gas Emission Volume (2023-2025)

Indicator Name[1]	Unit	2023	2024	2025
VOCs Emission Volume	Tonnes	1,016.07	646.18	624.67
Nitrogen Oxides (NOx) Emission Volume	Kilogram	735.33	716.46	19,398.33
Sulfur Oxides (SOx) Emission Volume	Kilogram	3.68	3.58	725.02
Particulate Matter Emissions	Tonnes	76.73	123.04	71.63

Waste Treatment

We strictly implement the standardised management of solid waste in accordance with national regulations, including the *Law of the People's Republic of China on Prevention* and *Control of Environmental Pollution by Solid Waste*, the *Technical Guidelines for the Formulation of Hazardous Waste Management Plans* and *Management Accounts, and the Standards for Pollution Control on the Storage of Hazardous Waste*. We take rigorous measures to ensure the 100% safe and compliant disposal of Hazardous Waste and promote the high-efficiency recycling of non-hazardous waste. Our efforts in standardising the management of the "three wastes" enabled the Group to successfully pass the 2025 Hazardous Waste Standardised Environmental Management Assessment organised by the Shunde Branch of the Foshan Municipal Bureau of Ecology and Environment.

[1] During the reporting period, China Lesso continued to strengthen its data management related to waste gas emissions. The data scope and underlying data accuracy have become more comprehensive and complete, resulting in an increase in waste gas emissions.

Hazardous Waste Management:

Our current business does not involve high-level radioactive waste. For other categories of hazardous waste, we adhere to regulatory requirements for storage in designated warehouses with appropriate labelling. We conduct regular standardised management training for responsible personnel and maintain comprehensive on-site management ledgers. Additionally, our environmental protection division actively explores advanced hazardous waste disposal technologies. We fully recover aluminium and iron resources from waste acid aluminium slag, establishing an energy-efficient, low-carbon, and high-efficiency technological chain for the resource utilisation and recycling of waste acid aluminium slag, thereby enhancing the regenerative value of waste resources.

Methods of Hazardous Waste Treatment

Hazardous Waste Type	Treatment Method
Used mineral oil	• It is stored in hazardous waste warehouse according to regulations, marked with corresponding labels. Accounts are set up for on-site management. • Hazardous waste is handed to a qualified third party for harmless disposal. We actively accept third-party monitoring.
Used emulsion	
Waste ink and paint	
Mercury-containing waste	
Waste acid, waste liquid from laboratories	
Waste halogenated organic solvents	
Waste organic solvents	
Empty chemical containers, empty cans	

Non-hazardous Waste Management:

We proactively implement source reduction measures in daily operations to minimise waste generation. For recyclable waste plastics and non-conforming plastic products generated during production, we ensure that **100%** of the recyclable portions are crushed and reused, achieving maximum material utilisation. Concurrently, we promote the adoption of eco-friendly water-based coatings and have completed the comprehensive upgrade to laser coding (replacing ink coding), thereby minimising the creation of hazardous waste from coatings and their containers.

Methods of Non-hazardous Waste Treatment

Non-Hazardous Waste Type	Treatment Method
Copper scraps	• The recyclable part is 100% crushed and recycled. If it cannot be recycled, the waste is dismantled and strictly resorted. • Recyclable materials such as metals are entrusted to downstream disposers by the materials supply department.
Leftover copper composite strips	
Iron scraps, waste aluminium materials	
Used tape feeder, cardboard, waste wood, packing materials	
Tin dross, pins and wires from electronic components	
Waste plastics, plastics contained in non-conforming products	
Domestic waste, kitchen garbage	• Stored by classification, packed using garbage bags and put into garbage cans with covers, sterilized regularly and delivered to environmental protection companies.

Waste Generation Volume and Emission Density (2023-2025)

Indicator Name	Unit	2023	2024	2025
Hazardous Waste Emission Volume	Tonnes	5,813	5,239	7,050.93
Hazardous Waste Emission Density	Tonnes / RMB 1 million of operating revenue	0.19	0.19	0.29
Non-hazardous Waste Emission Volume	Tonnes	224,033	213,147	215,816.33
Non-hazardous Waste Emission Density	Tonnes / RMB 1 million of operating revenue	7.26	7.89	8.88

Noise Control

We strictly comply with the *Emission Standard for Industrial Enterprises Noise at the Boundary of Factory Sites*, formulate and implement the *Noise Pollution Management Regulation*, and fully roll out sound insulation, noise attenuation and vibration reduction measures for high-noise equipment. By optimizing equipment operation to cut friction noise, establishing scientific noise control standards, and conducting regular monitoring and continuous improvement, we ensure that noise levels at the factory boundary meet applicable standards on a sustained basis. Meanwhile, we adopt effective protective measures to minimize the impact of noise on personnel, and effectively safeguard the health of on-site employees. In 2025, we conducted quarterly monitoring of factory boundary noise, and all monitoring results fully complied with the requirements of the Emission Standard for Industrial Enterprises Noise at the Boundary of Factory Sites (GB 12348-2008) for Category 3 acoustic environment functional areas outside the factory boundary, with the limit values of 65 dB during daytime and 55 dB during nighttime.

Noise Management

Controlling Noise at Source	Controlling Noise Transmission Paths	Setting Noise Control Standards
• Timely replacement of dilapidated and noisy equipment • Application of cotton insulation in main channels of crushing and conveying systems, elimination of the vibration tower in the cold material conveying process • Noise insulation renovation tests were performed on the automatic pipe packing machines, crushing room, and workshop fan rooms. • Monitoring equipment vibration values and addressing them in a timely manner • No honking when driving in the factory and office area	• Short-distance transmission equipment is used to increase the distance between employees and noise sources • Enclose and insulate large areas such as fan rooms and compressor rooms • Take sealing measures for crushing workshops • Install noise reduction systems in crushing areas and noise protection devices in punch machines • Add sound insulation systems to automatic technological transformation equipment • Expand the distance between equipment areas and employee work areas • Employees are provided with earmuffs, earplugs, and other labor protection supplies to protect them from noise pollution	• Work station noise: ⩽ 85dB(A) • Factory noise: ⩽ 65dB(A) in daytime; ⩽55dB(A) at night) • If the workstation noise ⩾ 110 dB(A), stop production immediately for remediation

Green Factory Construction

We attach great importance to the construction of green factories, implementing the "6SK" (Sort, Set in Order, Shine, Standardise, Sustain, Safety, and Health) on-site management system in all workshops and continuously advancing green factory certification initiatives. Hebei Lesso has introduced high-efficiency and energy-saving equipment, adopted low-pollution and non-toxic raw materials, and implemented advanced production processes with intelligent monitoring of energy consumption and pollution emissions. Lesso Rili Door Industry conducts ongoing product carbon footprint and greenhouse gas emission accounting, promotes cleaner production audits, and maintains a robust environmental management system. Lingshang Technology advocates green production methods to reduce greenhouse gas and waste emissions, conserve energy and water resources, and fulfil its corporate environmental responsibilities. As of the end of 2025, Guangdong Lesso, Wuhan Lesso, Sichuan Lesso, Shaanxi Lesso, Urumqi Lesso, and Lesso Rili Door Industry had obtained the National Green Factory Certification issued by the Ministry of Industry and Information Technology of the People's Republic of China. Nanjing Lesso, Hebei Lesso, and Lingshang Technology Industry had obtained Provincial Green Factory Certification.



• Green Factory

Green Office

We advocate for green office practices and have formulated the *Guidance on Green Office Practices*, clarifying accountability for environmental actions. Prior to onboarding, all new employees receive training on green office principles, embedding the concept of environmental protection across the organisation.

Office Area

We manage the usage of air conditioners, lighting, and other equipment to promote energy conservation. A **24-hours** inspection system ensures lighting is turned off in unoccupied areas to prevent energy waste.

We enhance resource utilisation efficiency through measures such as toner refilling, double-sided printing, and the reuse of waste paper.

We use Forest Stewardship Council (FSC) certified paper for business card printing, demonstrating our commitment to sustainable forest management and environmental protection.

We promote the digital sharing of meeting materials, prioritize online distribution through internal platforms, and achieve full paperless operations for small internal meetings.

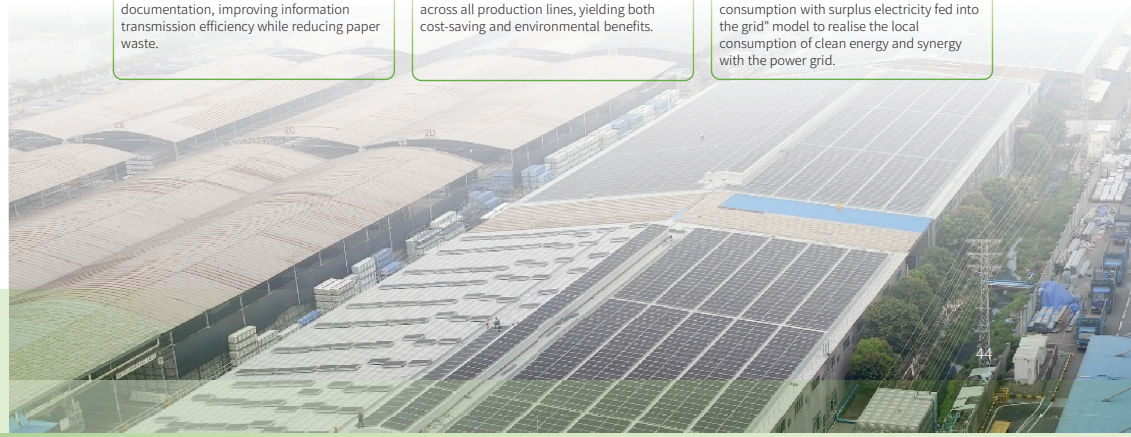
We standardise the management of disposable items by providing reusable glass water cups and establishing a standard "use-cleaning-disinfection" process. This initiative effectively reduces the consumption of plastic bottled water in internal meetings, contributing to green office operations and sustainable development.

Production Area

We adopt the Manufacturing Execution System (MES) to achieve paperless documentation, improving information transmission efficiency while reducing paper waste.

We have completed the comprehensive upgrade from ink coding to laser coding across all production lines, yielding both cost-saving and environmental benefits.

We install photovoltaic power generation systems on factory rooftops, adopting a "self-consumption with surplus electricity fed into the grid" model to realise the local consumption of clean energy and synergy with the power grid.



Leading Green Development

China Lesso actively responds to the national environmental strategy of "ecological priority, resource conservation and intensification, and green and low-carbon development." The Company is committed to developing eco-friendly products, proactively expanding into green industries, and bringing its environmental technologies and products to the international market.

Key Performance Indicators (KPIs)

Compliant disposal of hazardous waste	Compliant disposal of non-hazardous waste
6,913.44 tonne	**215,129.02** tonne

Protecting Biodiversity

China Lesso actively reduces its impact on and dependence on nature, is committed to protecting forests and developing our business in an eco-friendly manner, and avoids conducting operations near globally important biodiversity sites. We have issued the *Biodiversity Conservation Commitment* and the *Forest Conservation Commitment*, which are committed to fully integrating biodiversity protection into the development strategy and daily operation of the enterprise. By promoting green production, improving resource utilisation efficiency and strengthening the coordination of the whole value chain, we minimize the impact of operation on the ecological environment and actively promote the harmonious coexistence between man and nature.

Green Certification

As of the end of December 2025, the Group had successfully obtained **80** Green Building Materials Product Certifications and Environmental Label Product Certifications. The certifications cover raw material control, product production, R&D innovation and quality inspection, driving us to implement low-carbon and circular concepts throughout the entire life cycle and helping to achieve the coordinated development of economic benefits, environmental benefits and social benefits.

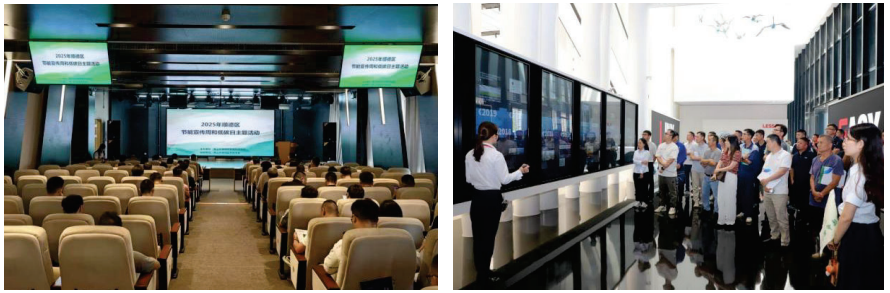


• Green Certification Certificates

Disseminating Green Concepts

We conducted a range of environmental protection and energy management training sessions covering key areas such as energy conservation and emission reduction, resource recycling, and environmental compliance. In 2025, the Group organised **182** environmental knowledge training sessions with a total of **4,059** participants, and **107** energy management training sessions with a total of **3,709** participants. Leveraging the "Lesso Private School" platform, Lesso Academy organised specialized training on energy management, green certificate trading, greenhouse gas inventory, and other topics, systematically enhancing employees' low-carbon skills and supporting the Company's sustainable development.

We also hosted the 2025 Shunde District Energy Conservation Publicity Week and Low-Carbon Day thematic events. The photovoltaic integrated solutions, smart management systems, and eco-friendly recycled material products highlighted at the events showcased Lesso's industrial ecosystem of "traditional manufacturing + green energy + circular economy."



• The Group Undertakes Shunde District Energy Conservation Publicity Week and Low-Carbon Day Theme Activities

With our outstanding practices in the field of sustainable development, we were awarded the "Silk Road Enterprise Green Development Pioneer Award" at the 1st Silk Road Enterprise Sustainable Development Forum.



• Silk Road Enterprise Green Development Pioneer Award

Tackling Climate Change

In recent years, with the frequent occurrence of extreme weather events and the intensification of global climate risks, tackling climate change has become a global consensus. As a leader in the pipeline industry, China Lesso actively responds to the risks and impacts of climate change, establishes climate change risk management processes, identifies and assesses climate-related risks and opportunities, develops climate assessment heat maps and matrices, conducts organisational level carbon inventories, and formulates climate change response strategies, striving to be a pioneer in industrial climate change management.

Climate-related Risk Management

We deeply recognise the urgency and importance of enhancing the Group's climate resilience and addressing climate-related risks and opportunities. We continuously review and deepen the Group-wide climate risk assessment process to understand the impact of climate change on the Group. Based on the Hong Kong Stock Exchange's *Climate Information Disclosure Guidelines* and combined with the Group's current development status, we adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework to ensure that climate risk-related information disclosure of the Group is strengthened in a transparent, systematic and scientific manner.

Governance

We have incorporated climate-related matters into the management scope of the Board, which is directly managed by the chief executive of the Group. Relying on our ESG governance structure, the Board, with the support of the Sustainable Development Committee, reviews climate-related issues, climate-related risks and opportunities annually, and oversees strategic decisions to mitigate climate risks. The Group's Sustainable Development Committee and its Sustainable Development Office are responsible for the identification and assessment of climate risks, formulate and implement policies, actions and performance targets related to climate change in accordance with the decisions of the Board, monitor the progress of management of relevant work objectives in real time, and report to the Board regularly. In addition, we attach importance to the capacity building of the Group's management in tackling climate change. Each year, we organise special ESG and climate change training for the Board, senior management and personnel related to sustainable development in various departments to promote management personnel to master ESG and climate change-related knowledge and skills, and enhance the management's understanding of climate change risk management.

Strategy

To comprehensively enhance climate risk resilience and seize climate opportunities, we have conducted detailed climate risk assessments and scenario analyses, comprehensively analysing the potential short-term (2024-2025), medium-term (2026-2030) and long-term (2031-2050) impacts of climate change on our operations and value chain. To conduct more targeted climate risk assessments, our company consolidated four scenarios into two climate scenarios in 2024, enabling a more accurate assessment of business resilience and robustness across different conditions. Both scenarios are constructed using publicly available scenarios from well-known organisations, including the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS).

Description of the Climate Scenarios Used in Analysis of 2025

	Green Scenario（1.5 - 2°C）	Brown Scenario（3°C）
Reasons for Selection	The green scenario is selected to assess the impact of climate actions taken to achieve the 1.5°C target of the *Paris Agreement*.	The brown scenario is selected to assess the impact of intensified climate change in the absence of effective climate actions.
Scenario Description	• Globally, coordinated global climate actions have gradually been taken, and global temperature rise will be controlled below 2°C by 2100. • Economy: The construction of low-carbon production and living spaces has become a global consensus and continues to drive economic growth. • Technology: A variety of breakthrough technologies such as clean energy, green buildings, and new materials have received investment and policy preferences; traditional technologies have been retired early, and the price of new energy has dropped significantly around 2030. • Market: The preferences of consumers and stakeholders are moving towards building a zero-emission circular economy, and the demand and preference for green building-related products have increased, but they are concentrated in high-rise/commercial applications, with limited demand growth.	• The world takes actions in accordance with current climate goals and plans, and global temperature rise will be controlled below 3°C by 2100. • Economy: Rising global nationalism leads to limited global cooperation and reversal of free trade, ultimately inhibiting economic output growth. • Technology: Insufficient investment limits green technology R&D activities and the commercialization of new technologies, but building technologies related to adapting to climate change disasters have received attention, such as rainwater recycling and reflective materials. • Market: Consumers and industries are driven by economic choices, rely on traditional choices, and there is no obvious preference for green buildings/green products.
Key Reference Parameters	Physical Risk: SSP1-2.6 Transition Risk: NGFS – Delayed Transition	Physical Risk: SSP2-4.5 Transition Risk: NGFS – Nationally Determined Contributions (NDCs)

Introduction to Climate Change Risks and Opportunities in 2025

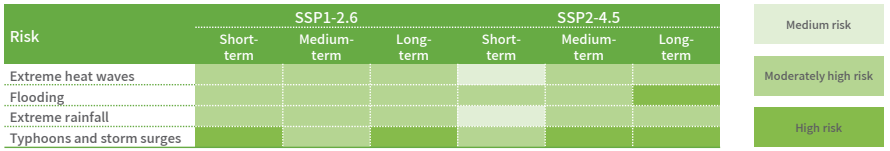
Risk type		Risk Name	Risk Introduction	Time scale
Physical risk	Acute risk	Extreme High Temperature	The World Meteorological Organisation defines extreme heat as weather with temperatures of 35°C and above, which is specifically manifested by an increase in the number of high-temperature days in the year, an increase in the probability of heatwaves, and an increase in the continuous index of warm current periods.	Long-term
		Floods	Floods refer to the phenomenon of submergence and waterlogging in low-lying areas caused by heavy rain, torrential rain or continuous rainfall. Floods threaten the safety of areas along rivers, lakes and coastal areas, and even cause submergence disasters. Specifically, the drainage facilities and permeable areas of buildings/roads cannot effectively delay the runoff time, resulting in severe waterlogging.	Medium-term
		Extreme rainfall	Extreme rainfall refers to changes in precipitation patterns caused by climate change or heavy precipitation during the flood season, which is specifically manifested by an increase in the number of heavy rainfall days in the year and an increase in the maximum annual rainfall.	Medium-term
		Typhoons and Storm Surges	A typhoon is a tropical cyclone with extremely strong winds, which will cause continuous strong winds and downpours. When a typhoon moves towards land, due to the strong winds and low pressure of the typhoon, seawater will be strongly piled up towards the coast, leading to a sharp rise in tide levels and abnormal sea level fluctuations. This phenomenon is called a storm surge.	Medium-term

Introduction to Climate Change Risks and Opportunities in 2025

Risk type		Risk Name	Risk Introduction	Time scale
Transition Risk	Policy and regulatory risk	Enhanced emissions reporting obligations	Regulatory authorities and policies require enterprises to disclose their emissions information in a more strict, comprehensive, timely and accurate manner.	Short-term
		Climate regulation	As the building materials industry is brought into carbon accounting regulation, and carbon trading markets and Extended Producer Responsibility (EPR) systems are progressively implemented both domestically and overseas (e.g., in Indonesia and Malaysia), the Group expects a growing proportion of its business to be affected by regulatory requirements, along with rising compliance costs. In the future, related policies may lead to increased expenditures on carbon allowance purchases and create financial provisioning needs for potential environmental remediation liabilities. The Group is advancing green process transformation to reduce the financial risk exposure associated with high-carbon-emission assets.	Long-term
		Strengthen the requirements and supervision of the current products and services	Governments or industry associations have become more stringent on product energy consumption standards and industry carbon intensity requirements, control the carbon emissions throughout the product life cycle, and even require the elimination of high-carbon products.	Long-term
		Promote green and low-carbon energy transformation	Governments or industry associations have become more stringent on industry carbon intensity requirements.	Long-term
	Market risk	Changes in customer behavior	As more and more consumers pay more attention to climate change issues, more and more enterprises have entered the environmental protection business, and enterprises are facing increasing competitive pressure in areas such as low-carbon products and sustainable agriculture.	Medium-term
		Fluctuations in raw material costs	Due to the increasingly strict environmental protection requirements, the requirements for low-carbon transformation of raw materials and energy are getting higher. The prices of raw materials and energy such as electricity, metal parts, and PVC powder fluctuate with national policies and market trends.	Long-term
		Market-Driven Green Transition	With surging domestic and international demand for low-carbon products and green building certifications (such as LEED, CBAM, and carbon footprint certification), the Group expects a continuous increase in the revenue share of products meeting green standards. Additionally, energy policy-driven fluctuations in raw material prices may exert pressure on short-term profit margins. The Group will continue to optimise its product portfolio to address the financial impacts arising from shifting consumer preferences.	Medium-term
	Reputational risk	Stakeholder concerns	More and more investors adopt ESG investment criteria such as responsible investment principles and pay close attention to corporate climate change actions.	Medium-term
		Climate-Related Reputational Risk	The Group's global production facilities and downstream real estate business activities are susceptible to climate-related reputational risks. As capital markets increasingly focus on ESG performance and green finance, the Group expects a steady increase in the proportion of assets and financing aligned with green investment preferences, with financing costs becoming increasingly linked to low-carbon transition performance. At the same time, as real estate clients progressively adopt green building standards, the Group anticipates rising market penetration and revenue contribution from environmentally friendly products. Furthermore, the Group is strengthening ESG governance and green supply chain management to safeguard corporate reputation and mitigate transition risks.	Long-term
Opportunity	Products and services	Develop or increase low-carbon products and services	Provide products with energy-saving and emission-reduction effects such as clean energy, as well as products that can enhance the region's ability to respond to climate risks, in the adaptation and response to climate risks.	Long-term
	Resource efficiency	Adopt more efficient modes of transportation	Formulate plans to improve transportation structure and transportation efficiency in operations, implement transportation optimisation methods such as improving product packaging, optimizing transportation structure, and automated management, and reduce energy consumption during transportation.	Short-term
		Recycle and reuse	To reduce resource consumption, more and more companies carry out the recycling and reuse of production materials, use recycled materials instead of raw materials, or process waste to re-enter the production process, reducing the consumption of raw materials in the production process.	Short-term
		Reduce water use and consumption	The public and the government pay more and more attention to the construction of a water-saving society, especially in the agricultural field, where water-saving irrigation areas are renovated to meet the sustainable use of water resources.	Short-term

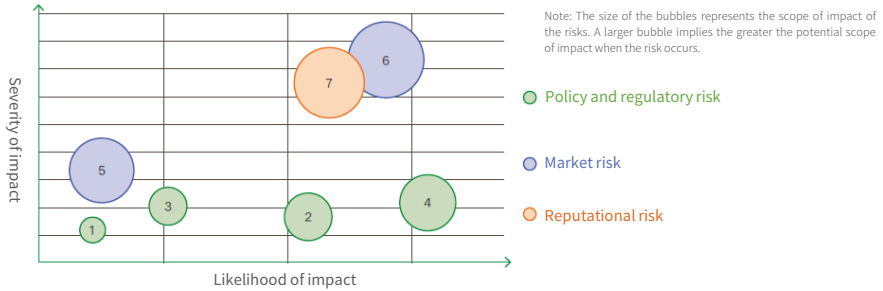
In the physical risk assessment, we draw climate risk heat maps based on the probability and severity of physical risks under different scenarios and periods. In the transition risk assessment, we evaluate the performance of our 7 major transition risks from three dimensions: the probability of impact occurrence, the severity, and the possible scope of impact when the impact occurs, forming a transition risk assessment matrix.

China Lesso Climate Physical Risk Heat Map



During the reporting period, our group conducted a physical risk exposure assessment for each business segment based on the SSP1-2.6 and 2-4.5 scenarios. The pipeline segment has a relatively high proportion of assets exposed to risks such as extreme heat, flooding, and typhoon storm surges, as its major production bases are located in provinces including Guangdong and Hainan.

Transition Risk Assessment Matrix



Types of Climate-related Risks

No.	Risk Type	
1	Policy and regulatory risk	Enhanced emissions reporting obligations
2		Climate regulation
3		Strengthen the Requirements and Supervision of the Current Products and Services
4		Promote Green and Low-Carbon Energy Transformation
5	Market risk	Changes in Customer Behavior
6		Fluctuations in Raw Material Costs
7		Market-Driven Green Transition
8	Reputational Risk	Stakeholder Concerns
9		Climate-Related Reputational Risk

Based on the results of the climate risk assessment, we fully recognise that climate-related risks and opportunities bring new challenges to the Group's operations and will also affect the Group's financial performance to a certain extent. In response to the needs of various stakeholders for the disclosure of climate-related financial information, in 2025, we combined the key parameters of climate scenarios and the actual situation of business development to assess the potential impact of climate-related risks and opportunities on the Group's finances.

Current Financial Impact:

- We have established a monitoring mechanism for the financial impact of climate-related risks. In 2025, we conducted targeted financial data collection from pilot subsidiaries identified as "most vulnerable to climate risks" (covering sectors including piping, building materials & home furnishings, and new energy), focusing on key risk factors such as typhoons and storm surges, extreme heat, and heavy rainfall.
- Quantitative assessments indicate that the actual financial impact of these risks on the pilot subsidiaries' financial condition (e.g., asset impairments, maintenance costs) remains at a low level (below RMB 1 million), falling short of the Group's materiality threshold. Therefore, climate-related risks did not have a significant impact on the Group's overall financial performance or cash flows during the reporting period.

Expected Financial Impact:

- Based on current assessment results, we believe that existing climate risk management strategies—such as specialized emergency response plans for extreme weather events and asset insurance coverage—are effective in mitigating short-term financial volatility.
- Looking ahead to the medium and long term, the Group will continue monitoring the potential impact of climate risks on investment and divestment plans. We plan to enhance financial resilience under various climate scenarios by optimizing green supply chain management and upgrading infrastructure disaster resilience. Additionally, we will secure sufficient funding to implement low-carbon transition strategies, thereby ensuring long-term stability in financial performance and cash flows.

Climate Change Risks and Opportunities in 2025

Risk Type		Risk Name	Impact Path	Description of Financial Impact	Time Scale
Physical Risk	Acute Risk	Extreme High Temperature	Guangdong Province, one of China Lesso's main operating locations, is a highly affected area by extreme high temperature and heatwave weather. It is expected that the average annual duration will continue to increase, and may continue to intensify with the urbanization process of the Greater Bay Area. Against the background of prolonged high-temperature weather, the electricity cost for the operation of ventilation, refrigeration and air conditioning equipment required for the Group's production and operation will increase, and products stored outdoors may be damaged by high-temperature exposure. At the same time, due to the extension of high-temperature weather, the demand for employee high-temperature subsidies will increase, and the incidence of temperature-related diseases is expected to continue to rise, leading to an increase in labor costs.	Employee Benefits: Increased expenditure on high-temperature subsidies. Production Costs: Increased factory power supply costs and labor costs.	Long-term
		Floods	Some warehouses and production bases of China Lesso in China are located in flood-prone areas. Floods will directly threaten the safety of warehouses and factory areas. Floods may submerge warehouses, leading to flooded, deteriorated or damaged goods and inventory losses.	Procurement Costs: Raw materials are dampened and damaged, leading to increased additional procurement costs. Production Costs: Operational interruptions lead to increased additional labor costs. Fixed Assets: Accelerated depreciation of infrastructure leads to asset depreciation.	Medium-term
		Extreme Rainfall	Large-scale rainfall in the short term will prevent the factory area from making adequate preparations. The impact of heavy precipitation may cause blockage of the factory's drainage system and failure to drain in a timely manner, resulting in losses.	Procurement Costs: Additional procurement of sandbags, waterproof boards and other materials.	Medium-term
		Typhoons and Storm Surges	According to research on historical typhoon data, China Lesso's production bases in Guangdong, Hainan and Fujian, as well as its overseas bases in Indonesia, are exposed to extremely high and high typhoon disaster risks. In the expectation of increasing high-intensity typhoons in the future, the Group is expected to experience more production and operation interruption times and total days (including work stoppages caused by typhoon warnings), leading to higher production and operation interruption losses. At the same time, secondary disasters such as floods caused by typhoons may lead to damage to plants, equipment and assets, blocked transportation, and interrupted supplier deliveries, affecting normal production and operation activities.	Operating Costs: Damage to workshop buildings and increased equipment maintenance costs. Production Costs: Operational interruptions. Procurement Costs: Additional procurement of typhoon prevention materials.	Medium-term
Transition Risk	Policy and Regulatory Risk	Enhanced Emissions Reporting Obligations	The Hong Kong Stock Exchange, where the Group is currently listed, has required all listed companies to disclose greenhouse gas emissions, and also requires the disclosure of Scope 3 greenhouse gas emission data and climate change response matters, increasing the compliance risk of information disclosure.	Increased Operating Costs: Hiring external consultants (including ESG consulting firms and external legal counsel) to meet regulatory compliance requirements.	Short-term
		Increased Pricing of Greenhouse Gas Emissions	With the possible gradual expansion of the national carbon market coverage in the medium and long term, if an enterprise's greenhouse gas emissions exceed the quota, it may face additional compliance costs, thereby increasing overall operating expenses.	Operating Costs: If China Lesso needs to participate in carbon market transactions in the future, it is expected to lead to additional carbon offset expenses.	Long-term
		Strengthen the Requirements and Supervision of the Current Products and Services	A large amount of carbon emissions are generated in the production and manufacturing links of pipes. As governments or industry associations become more stringent on product energy consumption standards and industry carbon intensity requirements, the Group's pipe business may face energy consumption quota control in the future.	Operating Income: If pipe products fail to meet energy consumption quota requirements, it will lead to a decline in market share and potential financial impact.	Long-term
Transition Risk	Policy and Regulatory Risk	Promote Green and Low-Carbon Energy Transformation	Governments or industry associations have become more stringent on industry carbon intensity requirements, and the systems, mechanisms and policy systems to promote energy structure transformation have been continuously improved. The Group will face pressure on energy structure transformation in the future.	Procurement Costs: Most products with green attributes have green premiums. The Group's procurement of low-carbon raw materials from suppliers, such as degradable packaging, green transportation capacity, and green electricity, will increase procurement costs.	Long-term
	Market Risk	Changes in Customer Behavior	As more and more enterprises enter the environmental protection business, enterprises are facing increasing competitive pressure in areas such as low-carbon products and sustainable agriculture. More and more customers pay more attention to climate change issues, and low-carbon consumer goods may squeeze the market share of traditional consumer goods.	R&D Investment: To keep pace with green consumption trends, the Group may face increased costs in the research and development of low-carbon products.	Medium-term
		Fluctuations in Raw Material Costs	Due to the increasingly strict environmental protection requirements, the requirements for low-carbon transformation of raw materials and energy are getting higher and higher. Suppliers pass on environmental protection costs to the downstream, and the prices of energy, raw materials, etc. rise due to low-carbon transformation requirements (such as electricity, natural gas, steam, PVC powder, etc.).	Production Costs: If the cost of carbon-intensive raw materials rises and the price of energy needed in the product production process rises, it will lead to an increase in production costs. Procurement Costs: The upstream production of raw materials may lead to price increases due to power rationing, thereby increasing procurement costs.	Long-term
	Reputational Risk	Stakeholder Concerns	The financial impact related to reputational damage will increase as customers' expectations for corporate climate actions rise, and the risk may increase over time. As more and more investors pay close attention to corporate climate change actions, if the Group fails to actively carry out decarbonization transformation, it may lead to investors undervaluing the corporate value.	Financing Activities: If the Group fails to actively carry out decarbonization transformation, it may lead to reduced investor willingness to invest, thereby affecting corporate financing activities.	Medium-term
Opportunity	Products and Services	Develop or Increase Low-Carbon Products and Services	Some low-carbon products and services of China Lesso may receive support from governments or investment institutions in the future, such as high-standard farmland construction, photovoltaic power generation, environmental protection industry, etc., which have received government support.	Operating Income: China's "Carbon emission peak and carbon neutrality" policy brings opportunities for the Group's new energy business, and the new business volume brings an increase in operating income.	Long-term
	Resource Efficiency	Adopt More Efficient Modes of Transportation	The Group is committed to improving production capacity and operational efficiency through transportation optimisation methods such as improving product packaging, optimizing transportation structure, and digital and information management in operations.	Operating Costs: By optimizing the transportation structure and adopting new energy vehicles, the Group will significantly reduce energy consumption during transportation in the future, thereby reducing transportation costs.	Short-term
		Recycle and Reuse	To reduce resource consumption, the Group actively carries out crushing material reuse and packaging material reduction work. In addition, more and more companies attach importance to waste resource treatment, which may bring new opportunities for China Lesso's environmental protection business in the future.	Procurement Costs: The Group actively carries out resource recycling work, leading to a reduction in packaging material procurement costs. Operating Income: The new business volume of environmental protection business brings an increase in operating income.	Short-term
		Reduce Water Use and Consumption	The public and the government pay more and more attention to the construction of a water-saving society, which may bring new business growth opportunities for China Lesso's agricultural pipeline business in the future.	Operating Income: China's "high-standard farmland construction" policy brings opportunities for the agricultural pipeline business, and the new business volume brings an increase in operating income.	Short-term

Risk Management

We have incorporated climate-related risks into the company's enterprise risk management system and assessment framework, aiming to identify, assess, manage and track risks that may affect the business.

Climate Risk Management Process		
Step 1	Risk Identification	Analyse industry best practices Identify climate risks and opportunities under the TCFD framework Compile a list of climate risks and opportunities
Step 2	Risk Assessment and Scenario Analysis	Select green scenarios and brown scenarios Select an appropriate time frame (short, medium, and long-term) to assess climate impacts Collect information related to business development strategies Conduct internal interviews to understand operational status Screen key climate risks and opportunities in business operations and the value chain, and assess them based on the probability and impact of risks and opportunities
Step 3	Risk and Opportunity Impact Assessment	Qualitatively assess the impact of climate risks and opportunities on China Lesso's sustainable development strategy
Step 4	Risk Management and Response	Strengthen response measures for material climate risks and opportunities

Indicators and Targets

To actively respond to the impact of climate on the Group's operations, we have formulated a series of indicators and targets based on the results of climate risk and opportunity analysis, combined with the actual operation processes, existing resources and future development plans of the Group and various business departments, to monitor the effectiveness of our climate response.

Indicators and Targets Table

Risk Type		Risk Name	Action Content	Indicator Name	Target
Physical Risk	Acute Risk	Extreme High Temperature	Formulate high-temperature emergency plans on the production side, improve the working environment, promote the automation transformation of the factory area, and count the asset losses caused by high temperatures for insurance claims. Provide employees with high-temperature benefits such as heat-relieving and cooling drinks, issue high-temperature subsidies, and provide compensation for work-related injuries caused by high temperatures in accordance with national standards. Accelerate product turnover, reduce transportation and storage time under high temperatures, and comprehensively improve the ability to respond to extreme high-temperature weather.	Number of automated links in each workshop process	Increase the number of automated links in each workshop process
				Coverage rate of ventilation, refrigeration and other cooling equipment	Increase the coverage rate of ventilation, refrigeration and other cooling equipment in high-temperature areas
				Value of high-temperature allowances and benefits	Taking the local labor protection regulations on high-temperature weather as the bottom line, continuously improve the standards of high-temperature allowances and benefits
Physical Risk	Acute Risk	Floods, Extreme Rainfall, Typhoons, Storm Surges	Select high-lying locations with complete infrastructure to establish production bases. Expand supply channels to reduce the risk of dependence on a single supplier. Improve emergency plans for extreme weather, reserve safety protection materials, and count the asset losses caused by typhoons for insurance claims. Conduct regular emergency drills and provide employees with emergency training on extreme weather to comprehensively improve the emergency prevention capacity for typhoons and floods.	Extreme weather response rate	Extreme weather response rate reaches 100%
				Completeness of typhoon and rainstorm protection material reserves	100% of production work areas are equipped with protective materials
				Frequency of extreme weather emergency training/drills	Organise at least 1 extreme weather emergency training/drill every year
Transition Risk	Policy and Regulatory Risk	Enhanced Emissions Reporting Obligations	Establish a clear carbon management structure, formulate specific carbon management rules for the production link in accordance with the Group's carbon management system, set carbon emission targets and intensity targets, and conduct carbon emission inventory and climate risk assessment. Expand the coverage of the energy management system and regularly collect emission data. Organise carbon management training to improve employees' awareness of carbon management.	Greenhouse Gas Scope 1&2	For the piping sector: By 2026, the Scope 2 GHG emission intensity per unit output will decrease by 1% compared with 2025.
				Greenhouse Gas Scope 3	The Scope 3 data covers 15 categories, fully covering the upstream and downstream value chain, and set Scope 3 emission targets
				Coverage of energy management system	Expand the coverage of the enterprise's energy management system
				Carbon management training	Conduct 1-2 carbon management training sessions every year
		Increased Pricing of Greenhouse Gas Emissions	To respond to the possible expansion of the national carbon market scope and the Carbon Border Adjustment Mechanism that may be extended to more industries in the future, the Group has formulated a comprehensive carbon management system, set greenhouse gas emission targets and performance requirements for each production line, regularly evaluated progress, and continuously paid attention to global carbon market policies to ensure that the Group's carbon management strategy is consistent with global trends and actively respond to the potential risk of additional costs due to exceeding emission quotas.	Completeness of carbon management system	Issue the *Carbon Management Measures*, *Carbon Management Supervision* and *Performance Appraisal Measures*, *Carbon Information Disclosure Measures*, and *Carbon Data Accounting System*
				Carbon market policy tracking	Sort out domestic and foreign policy trends once a quarter

Risk Type		Risk Name	Action Content	Indicator Name	Target
Transition Risk	Policy and Regulatory Risk	Strengthen the Requirements and Supervision of the Current Products and Services	Cooperate with industry organisations to formulate green and low-carbon product standards in fields such as pipelines and building materials and home furnishing, and promote low-carbon transformation of the industry. Improve the low-carbon performance of products, promote low-carbon certification of products, replace high-carbon raw materials, switch energy consumption structure, accelerate technological innovation, and promote green manufacturing.	Energy consumption	For the piping sector: By 2026, the increase in total electricity consumption intensity per unit of output will be controlled within 5% compared to 2025.
				Product carbon footprint certification	Strengthen the carbon footprint certification of existing products
				Metal material replacement rate	Increase the replacement rate of high-carbon metal materials
		Promote Green and Low-Carbon Energy Transformation	Increase the proportion of renewable energy use, improve the energy management system, accumulate key technologies, strengthen green and low-carbon investment, and enhance carbon management capabilities.	Photovoltaic installed capacity	Maintain growth in photovoltaic installed capacity, and install photovoltaic systems on all available self-owned rooftops
				New energy usage and proportion	Maintain growth in the proportion of new energy use
	Market Risk	Changes in Customer Behavior	Cooperate with industry associations to promote the formulation of green standards and the compilation of advocacy policies. Through market research and customer behavior analysis, continuously pay attention to the dynamics of the green consumer market and consumer needs, continuously optimise products and services to meet consumers' green consumption needs, and actively develop environmentally friendly products to reduce carbon emissions throughout the product life cycle.	Customer green consumption demand	Improve insight into customer green consumption demand
		Fluctuations in Raw Material Costs	Regularly conduct market analysis to predict material prices, and reasonably price to avoid high procurement costs. When prices fluctuate, adopt batch and on-demand procurement strategies to mitigate the impact of price fluctuations.	Raw material price tracking	Sort out market analysis of key raw materials every quarter, and predict and early warn market supply and demand and price changes
	Reputational Risk	Stakeholder Concerns	Actively carry out investor communication activities, conduct systematic communication with investors on ESG issues (such as on-site visits), and proactively respond to investors' inquiries on ESG/climate change-related information.	Investor communication	Proactively communicate with investors on ESG/climate change-related matters every quarter

Risk Type		Risk Name	Action Content	Indicator Name	Target
Opportunity	Products and Services	Develop or Increase Low-Carbon Products and Services	Actively develop products such as green agriculture, hydrogen transmission pipelines, and nuclear power transmission pipes to cater to the policy trends and market demand of the low-carbon economy, and apply for financial support from governments or investment institutions for the development of low-carbon products. Replace and adjust the formula of chemicals and raw materials with potential environmental pollution risks.	Total product R&D investment	Increase the investment and proportion of R&D in low-carbon related products
	Resource Efficiency	Adopt More Efficient Modes of Transportation	Introduce electric transportation tools such as electric forklifts and electric pallet trucks, implement workshop automation transformation, and optimise the material warehousing and warehousing process. Establish an online freight platform to uniformly manage the logistics and transportation data of the entire Group, realizing efficient transportation management.	Proportion of electrified transportation tools	Increase the proportion of indoor electrified transportation tools
				Coverage of freight management platform	The freight management platform covers the logistics data of the entire Group
				Proportion of new energy vehicles used in logistics and transportation	Prioritize the use of new energy vehicles for short-distance freight (within 300km)
		Recycle and Reuse	Optimise structure and process design, expand the scope of recycled material use, and establish a product recycling and trade-in mechanism. Continuously develop resource utilisation and disposal businesses such as waste acid, aluminum sludge, and aluminum ash, and install waste heat recovery devices in the production process to improve heat recovery efficiency.	Recycling rate of unqualified plastic products	The recycling rate of unqualified plastic products reaches 98%
				Coverage of recycled materials	Expand the scope of recycled material use and increase the proportion of recycled materials in each product line
				Coverage rate of waste heat recovery devices	Add waste heat recovery devices and increase the device coverage rate
				Non-hazardous waste generation	For the piping sector: by 2026, the non-hazardous waste generation per unit output value will be controlled below 0.1 tonne/tonne.
				Hazardous waste generation	For the piping sector: by 2026, the generation of hazardous waste per unit output value will be controlled below 0.3 kg/tonne.
		Reduce Water Use and Consumption	Implement rainwater and sewage diversion, install circulating water utilisation systems and treatment facilities, including cooling towers and water filtration systems, to reduce industrial water waste. Promote green office, set water-saving signs, and hold water-saving publicity activities. Actively respond to China's high-standard farmland construction policy, and cooperate in the development and promotion of agricultural irrigation pipeline products.	Total circulating water volume	The circulating water volume in the production link reaches 0.5-1 tonne/tonne
				Water consumption	For the piping sector: by 2026, the total water consumption intensity per unit output will be controlled below 1.5 tonne/tonne.
				Frequency of water-saving publicity activities	Organise at least one activity related to water saving every year

Mitigating Climate Change

To actively respond to global climate actions and China's " Carbon emission peak and carbon neutrality" goals, implement the Group's own sustainable development strategy, and help scientifically control energy consumption and greenhouse gas emissions, we take tackling climate change as an opportunity to systematically promote energy conservation and consumption reduction and practice green production through measures such as improving the energy management system and carrying out energy conservation and emission reduction actions.

We have established a three-level "decision-management-execution" carbon management structure with the Board as the highest decision-making body, the Carbon Management Leading Group as the management body, and the Carbon Management Executive Group as the executive body. We have compiled four internal systems applicable to managing the pipeline segment subsidiaries of the Group, including the *Carbon Management Policy*, *Carbon Management Supervision and Performance Appraisal Measures*, *Carbon Data Accounting System*, *and Carbon Information Disclosure Measures*, clarifying the responsibilities and authorities of each unit, and strengthening the promotion and implementation of carbon emission goals and paths. In 2025, we carried out multiple energy management-related training sessions aimed at improving employees' awareness of energy management, and organised special training on greenhouse gas inventory, effectively consolidating the talent foundation for greenhouse gas management.



• Guangdong Lesso Technology Industrial Co., Ltd. has obtained the ISO 14064 Greenhouse Gas Verification Certificate

Improving the Energy Management System

The Group has compiled the *Energy Management Manual* in accordance with the requirements of the Energy Management System (ISO 50001:2018). The manual includes full-process management and control documents such as the *Control Procedure for Objectives, Indicators and Management Plans*, *Control Procedure for Energy Review, Control Procedure for Establishing Energy Baselines and Performance Indicators*, and *Control Procedure for Records*, providing institutional norms for the effective implementation of the Group's energy management system. To ensure the continuous and effective operation of the energy management system, in 2025, we carried out energy review work. Through on-site investigations, data verification and necessary tests, we analysed the enterprise's energy utilisation self-inspection report, confirmed the energy utilisation level, and identified existing weaknesses through the review, providing a basis for the energy utilisation status for improving the construction of the energy management system and continuously optimizing the Group's energy use management. In 2025, a total of **14** Production bases of the Group obtained energy management system certification certificates, accounting for **23.7%**.

We have comprehensively advanced the digitalization of energy management, completing the rollout of energy management systems across **17** subsidiaries, including those located in Hunan, Jiangxi, Fujian and Maoming. With a focus on developing core functional modules such as photovoltaic (PV) management, electricity bill management and workshop billing, we have enabled the automatic collection and analysis of energy data. As of the end of December 2025, **3,055** energy metering points have been brought online, with the power factor of all metering points fully complying with the assessment standards of power supply companies. This initiative has delivered approximately RMB **5.3** million in electricity cost savings for the full year.



• Energy Management System Certification Certificate

Strengthening Energy Conservation and Carbon Reduction in the Value Chain

Undertake Energy-Saving Technological Transformation

We strictly comply with the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations, and continuously advance energy-saving and consumption-reducing renovations in production workshops. We have formulated and implemented the *High-Energy-Consuming Equipment Renewal and Replacement Plan (2026–2027)*, which clearly stipulates that all equipment listed in the national *Catalogue of High-Energy-Consuming and Obsolete Mechanical and Electrical Equipment (Products) (Batches 1 to 4)* or with measured energy efficiency lower than Level 2 of GB 18613-2022 shall be phased out within the specified timeframe. Newly replaced equipment shall, in principle, meet Energy Efficiency Level 1 standards or achieve an equivalent energy-saving effect of no less than **15%**. By promoting the application of advanced energy-saving technologies and high-efficiency equipment, and continuously optimising production processes and operational workflows, we comprehensively enhance energy utilisation efficiency, effectively reduce energy consumption in the production phase, and facilitate green and low-carbon development.

Pilot Upgrade of VOCs Treatment Equipment

To improve waste gas treatment efficiency and better meet the requirements of environmental protection authorities, we conducted a pilot upgrade project for VOCs treatment equipment in production workshops. The waste gas treatment systems in some workshops were upgraded from the original "low-temperature plasma + UV photolysis" process to a "dry filtration + secondary activated carbon adsorption" process, and a centralised activated carbon regeneration unit was added to the plant. Post-upgrade, the initiative not only improved ambient air quality but also reduced electricity consumption, with an expected annual power saving of approximately 300,000 kWh.



Sustained Energy-Saving and Efficiency Improvements in the Pipe Workshop at Headquarters

By optimising the "dual-formula" process and retrofitting the water tank vacuum pump system, the power consumption per tonne of product in the Water Supply Pipe Workshop decreased to 337.2 kWh/tonne in the first half of 2025. Representing a reduction of 16.5 kWh/tonne, or 4.7%, compared to the same period in 2024.

The Drainage Pipe Workshop promoted equipment upgrades, converting the production of 110-spec drainage pipes from single-extrusion on 80-series machines to double-extrusion on 92-series machines. This realised equipment automation while saving electricity, achieving dual improvements in energy efficiency and operational efficiency.

The Central Feeding System replaced the original 110kW Roots vacuum pumps with 60kW variable frequency energy-saving vacuum pumps, delivering significant energy savings and efficiency gains. Post-retrofit, under the same feeding capacity, power consumption is reduced by approximately 32 kWh per hour, representing an energy-saving rate of 41%. The system features an intelligent adjustment function that automatically reduces output power when the air receiver pressure is saturated, minimising no-load operation. Concurrently, the operating noise of the variable frequency motor was reduced to below 85 dB, improving the working environment and enhancing both energy efficiency and operational comfort.



Air Compressor Waste Heat Recovery System

Utilising high-efficiency heat exchange technology, the Air Compressor Waste Heat Recovery System recovers high-temperature oil/gas heat generated during compressor operation (accounting for approximately 90% of input power) and converts it into usable thermal energy for domestic hot water and other applications, enabling zero-cost reuse of waste heat. This technology not only lowers the operating temperature of air compressors and improves energy efficiency but also eliminates 100% of the electricity required for water heating. Following its application in Yongkou Apartment Building, the system achieves annual electricity savings of 2~3 million kWh, delivering both energy-saving and economic benefits to support green and low-carbon operations.



Participate in Carbon Market Trading

Since being included in the Hubei Provincial Carbon Emission Rights Trading Pilot, we have consistently fulfilled our responsibilities as a key emission entity and strictly implemented carbon emission control requirements. We have continuously standardised the Monitoring, Reporting, and Verification (MRV) of carbon emission data, and successfully completed the submission of carbon emission data and the settlement and compliance of quotas with high quality each year. Facing the gradual expansion of the national carbon market and increasingly stringent regulatory requirements, the Group is accelerating the establishment of an institutionalised, full-process carbon management system, deepening the refined management of carbon assets, and continuously improving carbon management efficacy.

Drive Carbon Reduction Across the Industrial Chain

We actively leverage our leadership in carbon reduction by issuing transportation carbon emission surveys to suppliers and systematically collecting relevant data, thereby promoting the low-carbon transformation of transportation links in the supply chain. Simultaneously, by providing customers with high-quality, cost-effective photovoltaic modules, we support the green upgrading of public facilities and facilitate energy conservation and emission reduction across society.

Photovoltaic Power Generation Project at the Fifth People's Hospital of Shunde District, Foshan City

To actively respond to the national "Carbon emission peak and carbon neutrality" initiative and build a green, eco-friendly, and energy-efficient hospital, we installed Lesso Banhao monocrystalline single-glass high-efficiency photovoltaic modules on the idle rooftop of the hospital building, constructing a 730.8 kW rooftop photovoltaic power station. This successfully launched the "PV-integrated healthcare" eco-friendly and energy-saving model, with an expected annual power generation of 730,000 kWh and an estimated annual carbon reduction of 580 tonnes.



Photovoltaic Power Generation and Electricity Cost Savings (2023–2025)

Indicator Name	Unit	2023	2024	2025
Photovoltaic Power Generation Capacity	10,000 kWh	3,567	5,655	12,817
Photovoltaic Energy Consumption	10,000 kWh	3,225	4,170	10,060
Electricity Cost Savings	RMB 1million	4.27	39.90	59.33
Equivalent Standard Coal Savings	Tonnes	3,963	5,124	12,363

Energy Consumption (2023–2025)

Indicator Name	Unit	2023	2024	2025
Electricity Consumption	kWh	138,886.08	135,884.28	132,166.22
Green electricity purchase volume	kWh	/	/	17,950,443.43
Natural Gas	10,000 m^3	557.06	542.77	406.99
Diesel	Tonnes	3,775.86	3,813.43	3,346.06
Gasoline	Tonnes	3,098.24	3,749.44	2,739.36
Lubricating Oil	Tonnes	82.15	98.83	65.43
Steam	Tonnes	/	/	7,175.10
Liquefied Petroleum Gas (LPG)	Tonnes	/	/	768.46

Quantitative Indicators:

Indicator Name	Unit	2023	2024	2025
Direct (Scope 1) Greenhouse Gas Emissions	Tonnes of CO_2 equivalent	33,346.78	35,267.11	44,982.51
Direct (Scope 1) GHG Emission Intensity	Tonnes of CO_2 equivalent/Million RMB revenue	1.08	1.30	1.85
Indirect (Scope 2) Greenhouse Gas Emissions	Tonnes of CO_2 equivalent	790,663.20	731,135.74	920,316.97
Indirect (Scope 2) GHG Emission Intensity	Tonnes of CO_2 equivalent/Million RMB revenue	25.61	27.05	37.85
Total (Scope 1 + Scope 2) Greenhouse Gas Emissions	Tonnes of CO_2 equivalent	824,009.98	766,402.85	965,299.49
Total (Scope 1 + Scope 2) GHG Emission Intensity	Tonnes of CO_2 equivalent/Million RMB revenue	26.69	28.36	39.70
Indirect (Scope 3) Greenhouse Gas Emissions	Tonnes of CO_2 equivalent	/	/	14,211,470.62
Indirect (Scope 3) GHG Emission Intensity	Tonnes of CO_2 equivalent/Million RMB revenue	/	/	584.48
Indirect (Scope 3) GHG Emissions – Category 1	Tonnes of CO_2 equivalent	/	47,363.44	5,713,343.96
Indirect (Scope 3) GHG Emissions – Category 5	Tonnes of CO_2 equivalent	/	79,737.27	108,896.56
Indirect (Scope 3) GHG Emissions – Category 6	Tonnes of CO_2 equivalent	/	/	3,599.51
Indirect (Scope 3) GHG Emissions – Category 7	Tonnes of CO_2 equivalent	/	10,825.37	49,393.29
Indirect (Scope 3) GHG Emissions – Category 11	Tonnes of CO_2 equivalent	/	1,491,610.45	8,336,237.30

Advancing the Circular Economy

Aligning with the global trend of circular economy development, China Lesso implements refined management of water resources, packaging materials, and production waste, and is committed to establishing a circular utilisation model that aligns with its development needs. This section outlines the Group' s initiatives and achievements in resource recycling, water resource management, packaging reduction, and waste recycling.

Key Performance Indicators (KPIs)

Energy consumption[1]: **174,520.35** tonnes of standard coal

Energy Consumption Intensity[2]: **7.18** tonnes of standard coal per RMB 1 million of operating revenue

Density of packaging material usage: **1.49** tonnes/RMB 1 million of operating revenue

Packaging Material Usage: **36,226.00** tonnes

Water Resource Management

We continuously promote the efficient management of water resources. In 2025, we comprehensively optimised the softened circulating water system in production workshops, implemented water recycling, and established a filtered water recovery system. This system efficiently filters and reuses water from product cooling, equipment cleaning, and other processes, enabling a "SPA-like" regenerative utilisation model. Through softening treatment, intelligent monitoring, and automatic chemical dosing, we effectively prevent equipment scaling and corrosion, enhancing system operational stability and heat exchange efficiency. The entire process strictly adheres to the Group's water management standards, strengthening water quality control, significantly improving water utilisation efficiency, and reducing local water intake requirements and production costs. This initiative achieves water conservation and emission reduction, cuts energy consumption, minimises environmental impact, effectively drives green and sustainable production, and supports the achievement of annual water recycling targets.

Water Consumption, Water Consumption Intensity (2023–2025)

Indicator Name	Unit	2023	2024	2025
Water Consumption	Million tonnes	4.3808	4.5458	4.1656
Water Consumption Intensity	Tonnes / RMB 1 million of operating revenue	140	168	171
Recycled Water Resources	Million tonnes	5.74	5.26	5.54

[1] The ESG report of the reporting period is calculated in accordance with the requirements of the General Rules for Calculation of Comprehensive Energy Consumption of the People's Republic of China (GB/T 2589-2020). The energy consumption in this report is unified as tonne of standard coal.

[2] The ESG report of the reporting period is calculated in accordance with the requirements of the General Rules for Calculation of Comprehensive Energy Consumption of the People's Republic of China (GB/T 2589-2020). The energy consumption density in this report is unified as tonne of standard coal/million operating revenue.

Reduction of Packaging Materials

Upgrading Coil Packaging to PE Wrapping Tape

Replaced the original woven tape with PE film wrapping tape, which is lighter, uses less material, and costs less for the same length.

Promoting Wrapping Packaging for the Drainage Pipe Series

Standardised the use of universal wrapping bags for drainage pipes of different specifications, reducing the variety of packaging bag types, lowering inventory pressure and warehousing occupancy, avoiding the backlog and waste of long-storage packaging bags, and improving supply chain management efficiency.

Anti-Damage Improvements for Certificates of Conformity on Automatic Packaging Lines

Optimised the certificate of conformity feeding device on automatic packaging lines. By adjusting cylinder air pressure and adding collection hoppers, the adhesion and scattering of certificates were reduced. Scattered certificates can now be recycled, effectively cutting down on over-feeding and wastage, and improving feeding accuracy and material utilisation.

Reducing Packaging Consumables for ABS Accessories in Container Loading

Reduced packaging consumables for ABS accessories exported to Canada in container loading by improving pallet materials for accessories and optimising container loading space.

Waste Recycling

We attach great importance to resource recycling. By introducing advanced production technologies and equipment, optimising production processes, and improving resource utilisation rates, we reduce waste emissions. In 2025, Guangdong Lesso Technology Industrial Co., Ltd. was accredited as a "Zero-Waste Factory". In 2025, the Group's building materials and home improvement sector officially implemented the *Waste Material Recycling and Utilisation Management System*, which systematically standardises the entire process of recycling, sorting, processing, and reusing waste auxiliary materials (such as wooden frames, pallets, and base plates) generated during furniture production. By establishing an internal circulation mechanism, we achieve independent production and efficient reuse, significantly reducing procurement costs and the environmental burden of waste disposal. This ensures the entire process is compliant, safe, and traceable, supporting green and sustainable development. In 2025, the Group recycled 171,751 tonnes of plastic.



Establishing a Closed-Loop Recycling System for Production Scrap to Enhance Resource Utilisation

We have established a closed-loop "generation – crushing – reuse" process for plastic scrap. Waste generated from pipe cutting and other processes is directly reintroduced into the production line after crushing, enabling on-site recycling. In 2025, the output of stainless steel shavings at Guangdong Lesso reached **5,000** tonnes. Through degreasing and compression treatment, the risk of oil contamination was effectively reduced, and substantial savings in transportation and warehousing costs were achieved. The overall comprehensive waste utilisation rate reached **98%**, providing strong support for cost reduction and efficiency improvement.

04

Uniting Efforts and Building a People-Centric Future



China Lesso regards employees as the cornerstone and partners of the Group's long-term development. Guided by a people-first philosophy, the Group is committed to building a safe, inclusive and dynamic workplace. Through systematic training mechanisms and fair career development pathways, we support every employee to achieve capability enhancement and value growth on the basis of full respect, so as to promote the common progress of individuals and the organisation.

Response to SDGs



Material Issues and Core Strategies

Material issues	Core strategies
Employee remuneration and benefits	• Implement a performance-based remuneration system and provide competitive salary and comprehensive benefits within the industry
Occupational health and safety	• Establish a long-term mechanism for occupational health and safety management, and conduct regular risk prevention, control and health protection
Employee training and development	• Establish a systematic training and career development support system to help employees continuously enhance their capabilities and achieve career growth
Employee care and support	• Establish a regular employee care mechanism and respond to employee needs through multi-channel communication and targeted support
Diversity, equality and compliant employment	• Foster a fair and inclusive workplace, and improve systems for diverse employment and rights protection

Key Performance Indicators (KPIs)

Employee training hours **295,390**

Employee training courses developed **123**

Social insurance coverage rate **100%**

Safeguarding Employees' Rights and Interests

In employment management, China Lesso has continuously improved its mechanisms for recruitment and appointment, remuneration and incentives, and career development. The Group attaches great importance to protecting employees' legitimate rights and interests, and ensures that the whole process of talent selection, allocation, training and retention complies with national laws, regulations and internal governance standards. The Company has established a compliant remuneration and benefits system, and actively fosters a healthy, orderly, dynamic and innovative working environment. In talent selection, the Company takes capability as the sole core criterion, transcending boundaries of colour, gender, race, ethnicity and religious belief, to support its international development strategy. In talent retention, the Company strives to build a mutually beneficial symbiotic relationship, under which employees drive the Company's development with a strong sense of responsibility, while the Company supports employees' career advancement through a sound development platform.

Compliant Employment

China Lesso strictly abides by the laws and regulations applicable in the regions where it operates. It has formulated the *Recruitment Management Policy* and established a systematic recruitment management framework. The Human Resources Department is responsible for policy formulation and overall supervision, while all subsidiaries and business units implement in a coordinated manner under a clear accountability system, ensuring recruitment is carried out in a standardised and efficient way and providing talent support for the sustainable development of the organisation.

Through institutional design and process control, China Lesso strictly upholds the principle of gender equality in all recruitment and employment practices, and fully prohibits child labour and any form of forced labour. Should any discriminatory practice or compliance risk be identified, the Human Resources Department will intervene promptly and carry out rectification in accordance with applicable laws and regulations, effectively protecting the legitimate rights and interests of employees. As of the end of December 2025, China Lesso had no recorded incidents of non-compliant employment involving discrimination, child labour or forced labour.

Meanwhile, China Lesso refines its attendance management system to ensure that employees receive due remuneration for overtime work and that paid annual leave is guaranteed.

Ensuring Equal Employment

To fully implement the principle of equal employment, we eliminate gender bias in staffing plans, impose no gender restrictions in recruitment advertisements, and ensure the Human Resources Department supervises the entire interview process.

In 2025, the Lesso Women's Federation further strengthened the "Women Pilots" support system and systematically promoted the empowerment and development of female employees. During the year, it supported a total of **12** female employees to obtain skill certifications, and organised more than **40** sessions of care services and cultural activities.

Prohibition of Child Labour

We strictly comply with national laws including the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and administrative regulations such as the *Provisions on the Prohibition of Using Child Labour*. We also actively follow international standards including *the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Convention on the Rights of the Child*. We explicitly prohibit the employment of minors under the age of 16 in *the Recruitment and Employment Policy*, and have established a strict identity verification mechanism during recruitment to eliminate child labour at source.

Prohibition of Forced Labour

The Group explicitly stipulates that all its affiliated employers shall not engage in any form of forced labour. We have established a sound reporting and response mechanism, through which employees may report relevant issues to the trade union and the Human Resources Department via the HR hotline and other channels. Any act suspected of constituting the crime of forced labour under Article 244 of the *Criminal Law of the People's Republic of China* will be transferred to the judicial authorities in accordance with the law, and corresponding liabilities will be pursued against the persons directly in charge.

KPIs

In 2025, the labour contract signing rate was **100%**

From 2023 to 2025, the Group **did not** conduct any large-scale layoffs

Honours and Awards



- Human Resources Sirius Award – Best Employer Brand Award for Globalising Enterprises

China Lesso was awarded the "2025 China Human Resources Sirius Award – Best Employer Brand Award for Globalising Enterprises".

Employee Equality

China Lesso strictly abides by the *Labour Law of the People's Republic of China* and local labour laws and regulations in the regions where it operates. The group has issued *Employee Diversity Policy* and *Human Rights Statement*, committing to respect and protect human rights throughout its global operations, and to fully abide by the laws and regulations of the countries and regions in which it conducts business, as well as relevant international human rights conventions. We are committed to providing reasonable remuneration, eliminating all forms of discrimination in recruitment, employment and promotion, respecting employees' freedom of association and the right to collective bargaining, strictly prohibiting child labour and all forms of forced labour, ensuring a healthy and safe working environment, adopting a zero-tolerance policy against workplace discrimination and harassment, and establishing a reporting mechanism for such misconduct.

Labour Rights Due Diligence Process

01 Phase 1: Identification and Assessment

	Key Activities	Outputs	Responsible / Participating Parties
Step 1.1 Establish organisational structure	Lead the establishment of a working group for labour and human rights due diligence.	• A formal cross-functional working group with clear roles and responsibilities	Lead: Sustainable Development Committee Participate: Human Resources Department, Purchasing Department, Legal Department, etc.
Step 1.2 Information collection and risk mapping	1. Internal assessment: Identify risks relating to working conditions, occupational health and safety, discrimination and remuneration, focusing on frontline employees, female employees, temporary workers and other groups. 2. Supply chain assessment: Identify risks such as forced labour and human trafficking,child labour, health and safety, discrimination, remuneration and benefits, and freedom of association, as well as severe environmental pollution, impacts on community health and product safety, focusing on vulnerable groups such as workers in lower-tier suppliers within the supply chain, migrant and foreign workers, female employees, juvenile workers (where legally permitted), local communities, and consumers. 3. Pre-assessment for new business relationships: Prior to entering into new business relationships, including mergers, acquisitions and joint ventures, assess the target company's exposure to risks such as significant labour disputes, legacy community relations issues, labour rights impacts arising from security arrangements, and high-risk patterns related to vulnerable populations (e.g. extensive use of foreign workers recruited through unclear or unregulated intermediaries), focusing on employees and supply chain workers, as well as affected local communities (particularly vulnerable groups such as indigenous peoples and farmers). 4. Contextual analysis: Conduct risk identification in consideration of the political, social and environmental characteristics of operating locations, focusing on industries and regions with high risks of human trafficking and forced labour, and regularly reviewing and updating risk mapping to identify emerging risks and changes in affected groups.	• A comprehensive preliminary list of labour and human rights risks and a risk group map	Labour and Human Rights Due Diligence Working Group (information collected by respective departments)
Step 1.3 Risk analysis and prioritisation	1. Analyse all identified risks based on two dimensions: Conduct analysis of all risks identified through the above regular and ad-hoc reviews, based on severity and likelihood. 2. Classify risks that cause the most severe harm to vulnerable groups as the highest priority.	• An analysed and prioritised list of labour and human rights risks	Labour and Human Rights Due Diligence Working Group (leading analysis) All business and functional departments (providing input)

02 Phase 2: Taking Action

	Key Activities	Outputs	Responsible / Participating Parties
Step 2.1 Develop integration and preventive measures	1. Internal integration: Integrate risk assessment results into existing business processes, including supplier approval, procurement contracts, employee performance appraisal and investment decisions. 2.Develop targeted action plans: For identified high-risk issues, formulate specific prevention and mitigation measures. For example, in addressing human tracking risks,the Company implements responsible recruitment policies, conducts due diligence on labour agencies, provides specialised training on risk identification and prevention, and establishes reporting and grievance mechanisms. 3. Capacity building: Provide training for employees in key roles, (e.g., HR , procurement, EHS and site management personnel), including the identification of indicators of forced labour and human trafficking.	• Updated management policies and contract clauses • Detailed risk mitigation action plans • Training materials and records	Lead: Relevant business process departments (e.g., Purchasing Department, Human Resources Department, Investment Department) Support: Sustainable Development Committee, Legal Department Participate: Relevant business units
Step 2.2 Monitor effectiveness of measures	1. Establish key performance indicators (KPIs) for action plans. 2. Regularly monitor and evaluate the implementation progress and effectiveness of action plans.	• KPI system • Regular monitoring reports	Responsible departments of respective action plans Sustainable Development Committee (oversight and consolidation)

03 Phase 3: Monitoring and Measurement

	Key Activities	Outputs	Responsible / Participating Parties
Step 3.1 Performance monitoring	1. Continuously track performance through internal audits, management reviews, employee feedback and other channels.	• Internal audit reports, management review records, employee feedback analysis reports.	Internal Audit Department, Management, Human Resources Department and other relevant departments
Step 3.2 Third-party audits	1. Engage independent third-parties to audit high-risk operating sites or suppliers where necessary.	• Third-party audit reports and findings	Sustainable Development Committee, Purchasing Department and other relevant departments
Step 3.3 Data recording	1. Systematically record data on work-related injuries, occupational diseases, complaints, disputes and other relevant information. 2. Conduct trend analysis to support continuous improvement.	• Systematic data repository • Data analysis reports	Human Resources Department, Safety Supervision Department, Legal Department and other relevant departments

04 Phase 4: Communication and Reporting

	Key Activities	Outputs	Responsible / Participating Parties
Step 4.1 Internal communication	1. Communicate policies and progress to all employees through internal websites, noticeboards, training and other channels.	• Internal communication materials, training records	Human Resources Department, Sustainable Development Committee, and other relevant departments
Step 4.2 External communication and reporting	1. Publicise commitments and performance via the official website, sustainability report and other channels.	• Public policy statements, sustainability report sections	Sustainable Development Committee, Corporate Culture and Social Responsibility Department and other relevant departments
Step 4.3 Stakeholder engagement	1. Proactively engage with trade unions, employee representatives, communities, NGOs, investors and other stakeholders, and respond to their concerns.	• Meeting minutes, response records, improvement feedback	Sustainable Development Committee, Corporate Culture and Social Responsibility Department and other relevant departments

Continuous improvement: Feedback from Phase 4 informs Phase 1, creating a dynamic cycle.

The Group has formulated and implemented a series of policies including *Employees Manual*. China Lesso has systematically translated human rights principles into clear management specifications and employee conduct guidelines. Through regular communication and systematic training, core principles including inclusiveness and diversity, equal pay for equal work, prohibition of discrimination and workplace harassment have been fully integrated into daily management.

Meanwhile, China Lesso has established multi-dimensional and open communication channels for employees, respects and supports employees' rights to freedom of association and collective bargaining, actively fosters healthy, equal and stable labour relations, and continuously strengthens the system for safeguarding employees' legitimate rights and interests.

KPIs

In 2025, China Lesso conducted a total of **89** anti-discrimination training sessions	Total participants **1,440**	Total training hours **1,265.00**
In 2025, China Lesso conducted a total of **361** human rights training sessions	Total participants **10,948**	Total training hours **19,316.00**

Democratic Management

We hold a Staff Representative Congress every year as the fundamental mechanism for employees to participate in corporate management. Staff representatives are democratically elected, and exercise the right to make suggestions and supervise matters related to the Group's decision-making and employees' rights and interests in accordance with applicable laws and regulations. As of the end of December 2025, the Group had **13,760** union members, representing **64.20%** of its total workforce, with **3,503** participants in the Staff Representative Congress.


2025 Staff Representative Congress

Quantitative Indicators

2025 Employee Composition of the Group			
Employee Category		Unit	Number of Employee
Total Number of Employees		Person	21,430
Classified by gender	Male	Person	14,809
	Female	Person	6,621
Classified by employment type	Full-time	Person	21,411
	Part-time	Person	19
Classified by employee age	30 or below	Person	5,186
	31-50	Person	14,308
	51 or above	Person	1,936

2025 Employee Composition of the Group			
Employee Category		Unit	Number of Employee
Classified by educational attainment	High school or below	Person	12,495
	Junior college	Person	5,073
	Undergraduate	Person	3,638
	Postgraduate or above	Person	224
Classified by job rank	Female senior management	Person	29
	Male senior management	Person	193
	Female middle management	Person	187
	Male middle management	Person	731
	Female frontline management	Person	340
	Male frontline management	Person	699
	Female general staff	Person	6,092
	Male general staff	Person	13,159
Classified by position	Senior administrative staff	Person	216
	Technical staff	Person	3,039
	Administrative management staff	Person	5,303
	Production staff	Person	12,872
Classified by region	Southern China	Person	9,455
	Central China	Person	3,930
	Northern China	Person	753
	Eastern China	Person	1,335
	Northeast China	Person	1,134
	Northwest China	Person	2,480
	Southwest China	Person	486
	China's Hong Kong Special Administrative Region (SAR), the Macao SAR and the Taiwan region	Person	37
	Overseas	Person	1,820
Classified by nationality	Mainland China	Person	19,606
	China's Hong Kong Special Administrative Region (SAR), the Macao SAR and the Taiwan region	Person	37
	United States	Person	46

2025 Employee Composition of the Group			
Employee Category		Unit	Number of Employee
Classified by nationality	Indonesia	Person	751
	Cambodia	Person	212
	Malaysia	Person	267
	Australia	Person	1
	Singapore	Person	38
	Thailand	Person	26
	Vietnam	Person	38
	Tanzania	Person	104
	Kenya	Person	12
	Uzbekistan	Person	71
	Philippines	Person	62
	Bangladesh	Person	15
	Angola	Person	80
	Nigeria	Person	6
	Andorra	Person	1
	Nepal	Person	1
	India	Person	23
	Myanmar	Person	33

Number of R&D Employees			
Employee Category		Unit	Number of Employee
Total number of R&D employees		Person	1,987
Classified by gender	Male R&D Employees	Person	1,551
	Female R&D Employees	Person	436
Classified by degree	R&D Employees with Doctoral Degree	Person	8
	R&D Employees with Master's Degree or Below	Person	1,979

Remuneration and Benefits

China Lesso strictly complies with the *Labour Law of the People's Republic of China* and the labour laws and social security systems applicable in the countries and regions where it operates overseas. Through industry benchmarking and remuneration structure optimisation, the Group ensures that employee wages meet and maintain statutory minimums and competitive market levels. On this basis, the Group has established a competitive remuneration and benefits system for all employees worldwide, ensuring that it fulfils its statutory obligations while providing employees with decent, reasonable and attractive rewards.

Remuneration and Incentives

We have formulated the *Performance Appraisal System* and established a performance management framework covering both the organisation and individuals. A performance appraisal committee composed of senior leaders and heads of various departments has been set up to take charge of overall coordination and major decision-making. We have established a collaborative mechanism in which the Human Resources Department provides guidance and supervision, heads of business units are responsible for implementation, and all employees participate in continuous improvement, integrating short-term incentives with long-term development. Through periodic multi-dimensional assessments, we apply the results to remuneration, promotion and development planning, forming a closed management loop from strategy decomposition to continuous improvement. This establishes a tiered performance management mechanism that combines individual and team contributions, driving the mutual development of the organisation and its people.

Meanwhile, we have systematically integrated the ESG philosophy into management appraisal, affirming the core status of safety and responsibility:

A one-vote veto system is applied to major safety liability accidents, and no performance bonus shall be granted to the responsible parties.

Safety incidents are included as key management indicators, accounting for **3–5%**, to fulfil the "zero accident" requirement for regional responsible persons.

A dedicated social responsibility segment has been added to management indicators, accounting for **2%**, to guide and strengthen managers' performance in sustainable development.

Employee Benefits

On the basis of fulfilling statutory welfare requirements across all regions, China Lesso provides a comprehensive and attractive benefits package for global employees through supplementary commercial insurance, welfare programmes and group activities, enhancing employees' sense of security and belonging.

Mid-Autumn Gala

In 2025, we held a themed gala entitled "Reunion on Mid-Autumn Festival, Gathering at Lesso". Through a variety of cultural performances and interactive sessions, the event promoted traditional culture and effectively enhanced employees' sense of participation and organisational cohesion.



Mid-Autumn Gala

Anniversary Sports Meet

Our employee benefits system not only covers basic remuneration protection and daily support, but also extends to humanistic care for employees' physical and mental health and team spirit. In 2025, to celebrate the 39th anniversary of the Group, anniversary sports meets were held simultaneously at the headquarters and all regional subsidiaries. Through diverse events such as basketball and badminton, the activities encouraged healthy lifestyles and naturally facilitated cross-departmental communication and teamwork.


Basketball match at the staff sports meet

Family Visit Support for Overseas-assigned Employees at China Lesso

For overseas-assigned employees, we have established a dedicated cross-border family visit benefit. Employees are entitled to 15 consecutive days of family leave after every six months of service, with round-round trip travel expenses covered by the Company. Employees (except department heads at the host entity or the Company's management) may also choose to take family leave at the assignment location. The Company will provide one round-trip air ticket for one family member between their hometown and the assignment location, to alleviate the pressure of family separation caused by long-term overseas assignments.


Group photo of employees' family visits

KPIs

Total rewards and subsidies disbursed during the reporting year
RMB **142.29** million

Number of employees receiving rewards and subsidies
18,979 persons

Total performance bonus disbursed during the reporting year
RMB **190.94** million

Number of employees receiving performance bonus
14,488 persons

Empowering Employee Development

China Lesso has always regarded talents as its core capital and is committed to building a growth support system covering the entire career cycle. By means of systematic training mechanisms, customised career path planning and diversified practice platforms, China Lesso continuously provides employees with empowerment support for capability improvement and value realisation, helping every talent achieve sustainable growth within the organisation and move toward the future together with the Group.

Building Teams of Talents

We standardise recruitment management in strict accordance with the *Recruitment and Employment System, Post Competition Management Measures* and other relevant policies. All departments submit manpower demands based on their business plans; after being reviewed and approved by the relevant departments, the Administrative and Human Resources Department comprehensively assesses recruitment costs, implementation efficiency and the impact on the employer brand in line with position levels and performance objectives. Multiple channels, including internal competition, social recruitment, campus recruitment and headhunting, are integrated to achieve the precise introduction and efficient selection of internal and external talents. As of the end of December 2025, China Lesso planned to recruit **7,612** employees and had recruited **7,057** employees, representing a recruitment completion rate of **92.69%**, with a total of **6,184** dimission employees.

Fresh Graduate Recruitment

In 2025, with the continuous advancement of the Group's overseas business, the demand for international talents with cross-cultural communication skills and professional capabilities increased significantly. In response, the Group Recruitment Centre launched a special campus recruitment campaign in the autumn. By participating in more than 30 job fairs and organising senior management-led lectures and negotiations at target universities, including Sichuan International Studies University, a large number of fresh graduates proficient in languages such as English, Russian, French and Arabic were attracted. Their position preferences were concentrated in international roles, such as overseas business, foreign trade follow-up and overseas finance, providing direct talent reserves and business support for the Group's overseas market expansion.



Fresh Graduate Recruitment Site

High-end Talent Introduction

In terms of high-end talent introduction, we are guided by business strategies. We systematically establish talent profiles for key positions and precisely define qualification requirements and core competencies. In 2025, by focusing on key priorities such as marketing system upgrading, digital transformation and the expansion of new agricultural businesses, the Company successfully introduced a number of senior management talents and technical experts with rich industry experience and professional capabilities, which provided critical intellectual support for the innovative development and strategic implementation of relevant fields.



High-end Talent Introduction Meeting

Quantitative Indicators

Employee Turnover Composition			
Total Employee Turnover Rate		%	21.71
Employee Category			**Turnover Rate**
Classified by gender	Male	%	22.75
	Female	%	19.21
Classified by age	30 or below	%	30.04
	31-50	%	18.04
	51 or above	%	15.43
Classified by region	Southern China	%	19.25
	Central China	%	24.30
	Northern China	%	13.00
	Eastern China	%	25.51
	Northeast China	%	28.47
	Northwest China	%	22.28
	Southwest China	%	21.85
	China's Hong Kong Special Administrative Region (SAR), the Macao SAR and the Taiwan region	%	10.26
	Overseas	%	22.38

New Employee Composition			
Number of Newly Hired Employees			7,057
Internal Job Transfer Ratio			9.94%
Employee Category			**Number of Employees**
Classified by gender	Male	Person	5,295
	Female	Person	1,762
Classified by age	30 or below	Person	3,965
	31-50	Person	2,986
	51 or above	Person	106
Classified by job rank	Senior Management	Person	3
	Middle Management	Person	90
	Frontline Management	Person	87
	General Staff	Person	6,877
Classified by position	Senior Executive	Person	3
	Technical Staff	Person	834
	Administrative Staff	Person	1,575
	Production Staff	Person	4,645
Classified by region	Southern China	Person	2,030
	Central China	Person	1,057
	Northern China	Person	101
	Eastern China	Person	421
	Northeast China	Person	643
	Northwest China	Person	734
	Southwest China	Person	118
	China's Hong Kong Special Administrative Region (SAR), the Macao SAR and the Taiwan region	Person	2
	Overseas	Person	1,951

Promoting Talent Development

China Lesso has established an open promotion and hierarchical training mechanism through the *Post Competition Management Measures* and the "Hundred-Thousand-Ten Thousand" Talent Development Programme, and continuously enhanced employee capabilities and organisational vitality through a systematic training system and skills competitions.

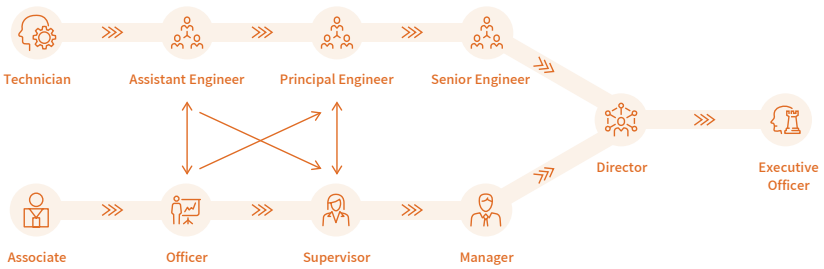
Employee Promotion

In order to continuously establish a talent cultivation system that aligns with the business strategy, we officially implemented the *Post Competition Management Measures* in 2025, which systematically standardised internal talent selection and promotion processes. By establishing an open and fair competition mechanism, we have built a dynamic internal talent ecosystem. While optimising the manpower cost structure, it has also significantly enhanced employees' sense of belonging and team cohesion, laying a solid foundation for a win-win situation between employee growth and sustainable corporate development.

As of the end of December 2025, we organised a total of nearly **53** internal competitions, with **330** employee participations, among which **95** employees were successfully promoted through competition.

Development of the "Dual-channel" Career Development System

To systematically plan employees' career growth paths, we have established a "dual-channel" career development system consisting of parallel "Professional Track" and "Management Track". The Professional Track is designed for production and technical roles, covering the development pathway from technician to senior engineer; the Management Track applies to management and administrative functions, providing a promotion path from clerk to manager. The two tracks converge at the top, allowing outstanding talents to advance to senior positions such as director and executive officer.



Overseas Talent Deployment

In 2025，we launched internal recruitment for key overseas positions. A total of 183 candidates applied for the roles of Overseas Business Manager and US Production Technician, and 86 internal talents were successfully selected and deployed.

The "Hundred-Thousand-Ten Thousand" Talent Development Programme is a systematic talent development initiative implemented by China Lesso to support its future strategy. The programme aims to build talent reserves across different levels and at scale through systematic selection, development and appointment mechanisms:

- Cultivating core senior executives capable of leading the strategic direction;
- Forging backbone teams that support business operations;
- Developing high-quality professional and skilled personnel rooted in frontline operations.

Through the implementation of this programme, the Company is committed to building a well-structured and continuously empowering talent ecosystem, providing solid talent support and organisational resilience for sustainable innovation and long-term development.

Group Development Strategy							
HR Development Strategy							
"Hundred-Thousand-Ten Thousand" Talent Development Programme							
Hundred-Hundred reserve cadres	Steering plan	Senior management talent reserve courses		MBA, visits of well-known companies, strategic understanding, and business thinking			
Management courses	Navigation plan	Middle management talent reserve courses		Performance improvement, target planning, organisational planning, and customer focus			
Leadership courses	Voyage plan	Frontline management talent reserve courses		Team management, coaching techniques, communication & coordination, and management responsibilities			
Thousand-Thousand business backbones	Sailing plan	Production manufacturing	Administration	Technological R&D	Marketing services	Finance/ funding	Logistics/ Procurement
Job skills courses		On-site management	HR management	Technical standards	Channel development	Internal control management	Warehouse management
Professional knowledge courses		Team building	Employment labor management	Product design	Customer management	Finance/Tax analysis	Supply chain management
Ten thousand-Ten thousand professional technicians	Commencement plan	Induction training for new employees		Training for new managers			
Professional certification	General course upgrading	Junior college classes		Undergraduate classes	Knowledge based theory	Skills practice	Professionalism
Title review	Online learning platform	Lesso school for clients		Lesso Cloud Academy			
Lesso Academy training brand	Lesso lecture forum	Lesso tutoring		Lesso craftsmanship	Guest talks	Happy Lesso	Internal trainer workshops
Lesso Academy talent evaluation	Talent inventory		Skill level identification		Internal and external review		

Employee Training

Guided by policies including the *Training Management Policy*, we have established a systematic training system covering the entire employee career cycle. The system provides diverse learning pathways from onboarding to on-the-job development, with training content focused on core areas such as international talent, professional skilled craftspeople, ESG initiatives (e.g., energy management, green certificate trading, greenhouse gas inventory) and AI technology applications, aiming to continuously empower employees and support the Group's strategic development. In 2025, to support the Group's globalisation strategy, we systematically advanced a multi-level overseas talent training system, providing solid talent support for overseas business expansion (see the Responsibility Spotlight for details).

To ensure sustainable training support for global business expansion and local operation, we attach great importance to the systematic development of the internal trainer team. We continuously enhance the quality of course development and teaching through measures such as specialized workshops and internal trainer excellence evaluations. As of the end of December 2025, the Group had a total of **417** certified internal trainers, with **131** new additions during the year (**56** from subsidiaries and **75** from the headquarters).

Teachers' Day Event and Internal Trainer Certification Ceremony

During the reporting year, Lesso Academy held the Teachers' Day Event and Internal Trainer Certification Ceremony on 10 September, reflecting on the annual development of the internal trainer team. At the ceremony, Group leaders affirmed the important role of internal trainers in enhancing employee capabilities and organisational cohesion, and shared their expectations for the future. Certificates were presented to the 131 newly certified internal trainers, and 20 outstanding representatives received honorary certificates in recognition of their teaching contributions. Trainer representatives were invited to share their teaching experiences and personal growth insights. After the ceremony, all participants took part in team-building activities at Lingshang Centre, which further strengthened teamwork and cohesion through outward-bound games and jointly celebrated Teachers' Day.



Group photo of Teachers' Day Event and Internal Trainer Certification Ceremony

IT Application Competition

During the reporting year, we held the Lesso IT Application Competition on 22 November, with the aim of enhancing employees' digital skills training and promoting effective integration between business and technology. A total of 12 projects were launched, focusing on practical needs in production and operations, covering diverse areas such as production, R&D, operations, finance, sales and services. Employees were encouraged to solve specific business problems through technological innovation, and a multi-dimensional evaluation mechanism was introduced to systematically enhance employees' practical skills and innovation awareness.



Group photo of IT Competition

KPIs

In 2025, we set a target of no less than **14.32** training hours per employee per year.

Certified internal trainers	Training courses developed	Average course satisfaction score
417	**123**	**9.35**

Quantitative Indicators

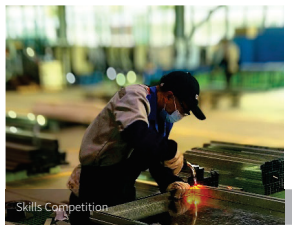
Employee Training Data			
Total Training Hours			295,390
Total Training Participants			203,444
Employee Category		**Total Training Participants**	**Total Training Hours**
Classified by gender	Male	142,409	208,484.68
	Female	61,035	86,906.25
Classified by employee hierarchy	Senior Management	382	963.33
	Middle Management	8,617	12,758.48
	Frontline Management	12,209	18,766.00
	General Staff	182,236	262,903.12

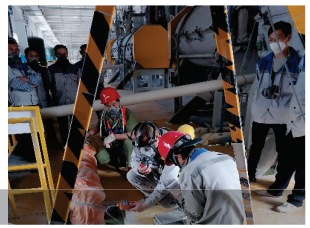
Skills Enhancement

To systematically improve employees' professional capabilities, we have formulated the *Measures for the Management of Employee Rank and Certificate*. We encourage employees to obtain professional qualifications through professional title incentives and academic qualification subsidies. Meanwhile, the Company organises annual Skills Competitions covering injection moulding, extrusion, and quality inspection, promoting skills improvement through competition and inspiring frontline employees to pursue technical expertise and enhance professional skills.

2025 Skills Competition

In 2025, we organised and held multiple skill competitions across the entire group, involving 29 companies and 4,952 participants, covering various production and process aspects such as injection moulding, extrusion, quality inspection, and packaging. The competitions were held simultaneously at multiple production bases including Urumqi, Hebei, Wuhan and Guiyang. Through competitive activities, we aimed to refine employees' practical skills, strengthen awareness of quality standards and promote the spirit of craftsmanship.


Skills Competition



To comprehensively enhance employees' digital office capabilities, we have continued to operate the "Lesso Cloud Academy", launched a large number of standardised video micro-lessons, actively promoted AI tool training, and established the *AI Application Practice* column to help employees master cutting-edge technologies and improve work efficiency. Based on this, we launched the "Global Production Operation Standardization" project, and developed 303 visual video micro-lessons around equipment operation and process flow, achieving the standard transmission and efficient replication of key skills. These measures have not only promoted the widespread availability of digital learning resources but also laid a solid foundation for the standardised operation of global production.

Occupational Safety and Health

China Lesso is committed to strengthening its occupational health and safety management system and systematically enhancing employees' wellbeing and sense of organisational belonging through a range of employee care initiatives.

Employee Health

To safeguard employees' occupational safety and health, China Lesso has systematically established a management system covering all operations. The system strictly complies with *Occupational Health and Safety Management Systems – Requirements with Guidance for Use* (GB/T 45001-2020). A series of supporting policies have been formulated, including the *Work-related Injury Prevention Management System*, *Chemical Management System*, *Regulations on the Safety Management of Hazardous Chemicals*, and *Hazard Investigation and Management System*. The system is coordinated by the Group CEO and the Safety Management Committee, with clear line responsibilities for all departments. It ensures effective operation through regular review and improvement mechanisms, striving to provide an inherently safe working environment for employees. We have been actively advancing the ISO 45001 Occupational Health and Safety Management System certification. During the reporting year, **39** production bases have obtained the certification, accounting for **66.1%**.

Occupational Health and Safety Policy

To systematically manage occupational health and safety risks and create an inherently safe workplace, we have issued the *Occupational Health and Safety Policy*. This policy applies to all production and operation activities, workplaces and relevant personnel of the Group. Centring on the goal of "zero accidents, zero injuries, zero occupational diseases", the Group puts forward eight core commitments: strict compliance with laws and regulations, establishment of a systematic risk management system, implementation of full-staff safety responsibility, execution of target-oriented continuous improvement, capacity building and cultivation of safety culture, improvement of emergency preparedness and response, establishment of transparent communication and employee participation mechanisms, and promotion of health and employee wellbeing. In the meanwhile, the Group commits to providing the necessary resources for implementation, and the Board of directors is responsible for supervision. Through regular reviews, it ensures the effective implementation of the policies.

Strengthening Safety Management

To effectively protect employees' safety and health and the stable operation of the Group, we attach great importance to production safety management and have established a systematic and standardised risk management system. The system strictly abides by the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws, regulations and standards. With standardised policies and a full-staff safety responsibility system established, covering three core areas: risk identification and technical control, management control and real-time monitoring, and hazard rectification and incident closure. Through strict control measures and a continuous improvement mechanism, we are committed to achieving source prevention, process control and closed-loop management of safety risks to safeguard employee safety during production. During the reporting period, the total investment in safety production funds amounted to RMB **6.98** million.

Core Elements of the Risk Management System

Risk Identification and Control

- Safety design: Priority procurement of highly automated, low-risk equipment.
- Hardware protection: Installation of fixed protective covers and nets on hazardous parts.
- Interlocking and isolation: Installation of safety interlock switches, two-hand control devices, safety light curtains and emergency stop buttons to physically isolate hazards.

Management Control and Real-time Monitoring

- Process control: Strict implementation of "lockout/tagout" procedures for equipment maintenance and permit systems for high-risk operations.
- Routine monitoring: Implementation of daily team inspections and 24-hour technical monitoring via video surveillance and gas alarms in key areas.

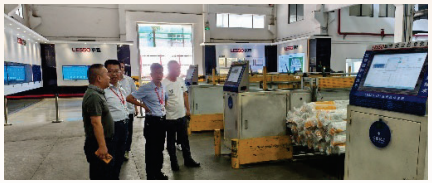
Hazard Rectification and Closed-loop Accident Handling

- Professional inspection: Entrusting third-parties to conduct regular inspections and performance acceptance of special equipment and safety devices.
- Hazard management: Classification of hazards and rectification and verification in accordance with the "Five Definites" principle (definite responsible person, rectification measures, standards, timeline and funding) to achieve closed-loop management.
- Incident handling: Investigation and handling in accordance with the "Four No-Sparing" principle, implementation of corrective actions and retraining.

Conducting Safety Inspections

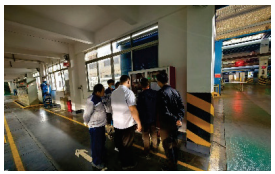
We strictly follow the work safety guideline of "Safety First, Prevention Primarily, Comprehensive Governance", with systematic risk prevention and control as the core of management. According to the *Hazard Identification and Management System*, we have defined responsibilities and standardised procedures, establishing a regular hazard investigation mechanism coordinated by the Safety Supervision Department and implemented by all workshops. The mechanism covers comprehensive inspections, special inspections, daily inspections, seasonal and holiday inspections, systematically identifying potential risks at operational sites and in the working environment. All identified issues are subject to strict rectification and verification in closed-loop management to continuously improve working conditions and build a safe and healthy workplace for employees.

Group Vice President and Safety Supervision Department conduct a work safety inspection

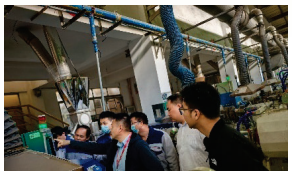




Workshop management conducts a work safety inspection







Enhancing Safety Awareness

To systematically enhance employees' safety awareness and competency, we have established a comprehensive safety training system covering the entire employee career cycle, with targeted training courses tailored to the risk characteristics of different roles. We have also established a sound emergency management mechanism, which includes comprehensive emergency plans, annual drills on fire and leak scenarios, and emergency coordination with local fire and medical services to ensure a rapid and effective response to incidents. Furthermore, we have continuously held activities such as the Safety Production Month and safety knowledge competitions, and actively created a safety culture atmosphere where all employees participate actively and take the initiative in prevention.

2025 Safety Knowledge Competition

Guided by the principle of "full coverage and learning through competition" , the safety knowledge competition consisted of an online preliminary round and an offline final round. The competition covered key areas including work safety laws and regulations, job operating procedures and emergency response knowledge, with a multi-level assessment comprising mandatory questions, quick-response questions and risk questions. The activity effectively verified and enhanced employees' understanding of safety regulations and their emergency response capabilities, and strengthened the foundation of the "safety first, prevention foremost" concept, thereby providing strong support for the continuous advancement of safety culture construction and the improvement of the risk prevention and control system.



Safety Knowledge Competition

Safety Drills

The Group regularly organises fire safety drills, focusing on two core components: emergency evacuation and practical fire extinguisher training. By simulating real fire scenarios to organise orderly evacuations and providing on-site demonstrations of the correct use of fire extinguishers, employees are able to master the skills to tackle incipient fires and to perform self-rescue and mutual rescue in emergencies, thereby effectively enhancing the fire safety awareness and emergency response capabilities of all staff.


Fire Drill

Safety Performance Linkage Mechanism

The Company fully integrates safety performance into the annual business assessment system and strictly implements the one-vote veto system. Clear quantitative performance indicators have been established (e.g., zero fatalities, low accident rate), and through dynamic monitoring, the overall safety objectives are translated into specific assessment requirements for all departments and individuals.

Work-related fatalities	Fire accidents	Work-related injury rate	New occupational diseases
0 person	**0** case	⩽ **5‰**	**0** person

Safety Performance

Occupational Health Management

We have formulated the *Occupational Health and Safety Policy* and established a responsibility structure spanning from the decision-making level to frontline employees. A complete management closed-loop covering risk prevention, incident handling and continuous improvement has also been established. We ensure the implementation of this system through a range of measures:

Regular training: Carry out regular training programs, and organise special training sessions on occupational health throughout the year. In terms of the course content, it covers both basic regulations and current hot topics in public health;

Strict full-process management of labour protection: Formulation and implementation of the Distribution Standard for Labour Protection Articles based on job risks, ensuring compliant procurement and supervision of correct wearing, use and regular maintenance;

Comprehensive inspection and monitoring mechanism: Including daily inspections, regular comprehensive inspections, special investigations and occupational health examinations for key posts;

Closed-loop incident handling mechanism: Establish a closed-loop event handling mechanism. Based on immediate accident reports, emergency responses, and in accordance with the "Four No-Sparing" principle, conduct investigations and implement rectifications.


Occupational Disease Examination


Mosquito Prevention Training


Occupational Health Prevention Training


Occupational Health Prevention Training

Meanwhile, in the field of mental health, the Company has established a special dialogue mechanism to provide employees with support including management communication, conflict mediation and hardship support, striving to create a positive, inclusive and cohesive organisational atmosphere.

KPIs[1]

Number of active employees who underwent occupational health examinations
3,308 persons

Number of employees who passed the examinations
3,294 persons

Number of production safety training participants: **71,534**

Contractor lost-time injury frequency rate (last three years)
2023: **6.08%**
2024: **9.28%**
2025: **3.21%**

Employee lost-time injury frequency rate (last three years)
2023: **1.62%**
2024: **2.35%**
2025: **1.70%**

Quantitative Indicators

Work-related Injuries and Lost Workdays (2023–2025)			
	2023	2024	2025
Lost workdays due to work-related injuries / workdays	4,209	6,279	6,530
Number of work-related fatalities / persons	0	0	0
Work-related fatality rate / %	0	0	0
Incidence rate of work-related injuries per 1,000 employees / %	3.88	5.60	6.63

[1] In 2025, the calculation methodology for the contractor lost-time injury frequency rate and the employee lost-time injury frequency rate was adjusted. The revised methodology is calculated as the number of lost work hours divided by the total hours worked, multiplied by 2,000 (based on the assumption that one full-time employee works 2,000 hours per year), resulting in the number of hours lost per 2,000 hours worked.

Employee Care

China Lesso attaches great importance to the development of employee communication and care mechanisms. Through a series of measures including employee satisfaction surveys, digital communication platforms, employee support systems and targeted assistance mechanisms, we effectively respond to employee concerns, convey organisational care and comprehensively enhance organisational cohesion.

Employee Communication

We continuously focus on organisational atmosphere and employee experience, conducting an annual employee satisfaction survey covering working environment, teamwork, career development and support systems. The survey was conducted through a combination of structured questionnaires and stratified interviews, with a total of **4,901** questionnaires collected. The results showed that the overall employee satisfaction with the Group's management and services was **82.90%**. In the future, based on the findings of this survey, we will continue to optimise various management and support measures to create a more inclusive and supportive working environment for employees.

Innovative Communication Channel: "Lesso People" Mini Program

To further improve organisational communication efficiency and collaboration, we have built a multi-dimensional communication system integrating online and offline channels. Leveraging digital platforms such as the "Lesso People" Mini Program and regular offline communication mechanisms, we have enhanced the convenience and timeliness of employee communication.

- "Lesso People" Mini Program

Employee Care Measures

We continue to promote the "Happy Lesso" employee care programme, systematically building a comprehensive well-being support system through regular activities covering interest development, family relations and mental health support. Leveraging the employee children's cultural center established by our subsidiaries, we offer preferential services such as summer courses, winter courses, and after-school care for the employees' children, to help them achieve all-round development in terms of morality, intelligence and physical fitness.

Distribution of Condolence Payments to Employees in Need

Through trade unions and other organisational channels, we provide condolence payments to employees facing special difficulties, offering timely material assistance and organisational care to help them through hardships.



05 Strengthening Value Chains and Creating Shared Success

China Lesso deepens long-term cooperation with suppliers, distributors and industry partners. By establishing a standardised management mechanism for the entire cooperation process, the Group regulates and enhances the operational capabilities of value chain partners, empowers distributor development, and relies on industry collaboration to jointly build a healthy and sustainable industrial ecosystem.

Response to SDGs



Material Issues and Core Strategies

Material Issues	Core Strategies
Distributors management	• Establishing a well-developed incentive and management system for distributors • Supporting the growth and operations of distributors
Supplier management	• Developing a supplier management system to monitor ESG performance • Supporting capacity building for suppliers
Sustainable procurement	• Advocating for green procurement • Evaluating the ESG performance of suppliers

Key Performance Indicators (KPIs)

Original Equipment Manufacturing (OEM) suppliers review rate **15%**

Number of suppliers reviewed **5,183**

Supplier training sessions conducted **79** sessions

Number of suppliers participating in training **1,218**

On 19 March, China Lesso were listed in the "2025 Top 500 Comprehensive Strength of Housing Construction Supply Chain - Preferred Suppliers · Plastic Pipe Fittings and Pipes Category".

Changchun Municipal Bureau of Industry and Information Technology has conferred upon Changchun Lesso Industrial Co., Ltd. the honorary title of "Changchun Municipal Green Supply Chain Management Enterprise".

Building a Resilient and Win-Win Supply Chain

China Lesso continues to take the national-level green supply chain management system as the cornerstone, collaborating with upstream and downstream partners to build a sustainable ecosystem featuring shared responsibilities, joint capacity building and value sharing.

Supplier Management

To establish a standardised supplier management system, the Company have formulated and implemented a series of internal supply chain management systems, including the *Supplier Management System*, *Internal Control Process Manual for Supplier Access Management* and *Internal Control Process Manual for Supplier Assessment*. By improving the entire process mechanism for supplier introduction, evaluation and exit, the company can systematically identify potential risks in the supply chain and continuously promote the improvement of supplier product quality and service levels.

Quantitative Indicators:

Category	Number of Suppliers
Total number of suppliers in the database	23,209
Total number of Tier-1 suppliers	5,748
Total number of significant suppliers in Tier-1	2,690
Total number of significant suppliers in non Tier-1	1,203

Category		Number of Suppliers
Number of overseas suppliers		4,261
Suppliers in China	Total	18,948
	Southern China	9,643
	Central China	1,211
	Northern China	1,291
	Northeast China	291
	Eastern China	5,114
	Northwest China	346
	Southwest China	876
	China's Hong Kong Special Administrative Region (SAR), the Macao SAR and the Taiwan region	176

Supplier Management Process

We conduct supplier management in accordance with internal systems such as the *Supplier Management*, *Internal Control Process Manual for Supplier Access Management* and *Internal Control Process Manual for Supplier Assessment Management*. We clearly put forward requirements and conduct audits on suppliers' compliant operations, quality assurance and sustainable development capabilities, aiming to build a stable, reliable and responsible supply chain.

Phase 1: Access Evaluation and Admission

Qualification review	Purchasers collect and verify suppliers' legal licenses and qualification documents, and complete the *Supplier Information Form*.
On-site inspection	For key suppliers, the manager of the material supply department or the purchasing director must organize an on-site inspection to evaluate their actual production capacity, management level and production environment, and fill in the *Supplier On-site Inspection Form*. This step is crucial for verifying whether the supplier's declared capabilities are consistent with the actual situation.
Sample verification	It is mandatory to submit samples of important materials. Performance testing shall be conducted by the independent measurement and testing center or quality management department, and if necessary, batch trials shall be carried out by the process technology department. Only after the issuance of qualified *New Material Testing Report* and *New Material Trial Report* may the process proceed to the next stage.
Cross-departmental approval and warehousing	After completing the above steps, the new supplier application must go through legal risk review by the Legal Department, approval by the business head in charge, review by the financial management center and the creation of master data before being formally included in the list of qualified suppliers.

Phase 2: Continuous Performance Management

Develop and initiate the evaluation plan	The head of procurement in charge formulates *the Supplier Evaluation Plan* every year, which is implemented after approval by the purchasing vice president.
Multi-dimensional joint evaluation	The Company organizes the purchasing, quality, technology, warehousing, user departments and finance to conduct annual performance evaluations from multiple aspects such as price, quality, delivery, service and cooperation, and fills in the *Supplier Performance Evaluation Form*.
Result summary and approval	Purchasers summarize the evaluation results to form the *Supplier Performance Evaluation Summary Form*, which is approved by the management to determine the supplier's performance level and corresponding reward and punishment measures.

Phase 3: Dynamic Adjustment and Exit

Clearly establish the category of "eliminated suppliers (Category D) "	The system divides suppliers into four categories, among which category D is "eliminated suppliers". This type of supplier is the supplier that has been determined to no longer deal with it based on the results of regular evaluation.
Implement withdrawal based on regular evaluation results	All qualified suppliers (category A and B) are subject to regular performance evaluation. Suppliers with a total score of less than 1 will be rated as "eliminated suppliers", and the company will terminate the transaction and delete their information from the Qualified Suppliers List.
Reserve the possibility of re-evaluation and activation	For category D suppliers that have been eliminated, the system does not permanently shut out. According to the actual demand, the company can restart qualified suppliers into the process and evaluate them to decide whether they can be restarted.

Supplier Risk Management

In the risk management system, we have specifically identified the main risks corresponding to each sub-process of procurement management, and clearly defined the key control points that should be implemented:

Main Process	Sub-Process	Main Risks	Main Control Points
Procurement Management	Regular supplier evaluation	Failure to conduct regular evaluations of existing suppliers or the lack of a supplier classification mechanism may lead to the failure to timely detect the decline in supplier quality.	Establish a regular supplier assessment mechanism, whereby all functional departments of procurement, testing, storage, technology and finance jointly evaluate suppliers, and apply the evaluation results to supplier classification.
	Update supplier master data	Failure to update supplier information in a timely manner and to detect abnormal supplier operations may lead to procurement failures or legal disputes with suppliers.	Establish a supplier management information database, regularly update the supplier status to ensure that the supplier's operating conditions meet the Group's requirements, and eliminate invalid suppliers.
		Inadequate control over supplier master data before updates and improper modification of key supplier data may lead to capital losses.	Establish an audit mechanism for updating supplier database information, requiring the Financial Department to conduct independent audits on update applications to ensure the authenticity and accuracy of the updated content.

Sustainable Procurement

By formulating internal norms such as the *Procurement Process Manual and Code of Conduct for Suppliers*, we systematically strengthen the management of human rights protection and environmental compliance in the supply chain. We require cooperative suppliers to sign the *Supplier Environmental, Social, and Governance (ESG) Commitment Statement* and conduct dynamic evaluations of suppliers' ESG performance on a monthly basis to promote the sustainable operation of the supply chain and the effective implementation of social responsibilities. At the same time, we actively initiate green procurement initiatives to comprehensively promote the construction of a green supply chain.

In 2025, we launched the SRM supply chain digital platform, integrating functions such as inquiry and quotation, order placement and delivery, delivery tracking and reconciliation. It provides suppliers with system support for seamless data docking with us, realising visual tracking and closed-loop management of the entire procurement process. At present, 90% of the suppliers have accessed this platform. Paper usage has decreased, offline communication costs have dropped, and the overall procurement efficiency has improved.

Supplier ESG Management

Through online and offline audit mechanisms and a unified supplier access audit form, we systematically evaluate suppliers' comprehensive performance in six dimensions: labor rights and interests, occupational health and safety, quality management, environmental protection, business ethics and management systems. During the audit, we focus on labor compliance and the implementation of safety production norms to ensure that suppliers strictly abide by relevant laws and regulations and provide employees with a safe and healthy working environment. If a violation against labor rights and interests occurs, we will require the supplier to rectify within a time limit or terminate cooperation.

At the same time, we attach great importance to the anti-corruption construction of the supply chain, clearly requiring suppliers to commit to abiding by business ethics and laws and regulations, resolutely prohibiting any form of illegal acts such as corruption, bribery, extortion, misappropriation of public funds and money laundering, and prohibiting them from demanding or accepting undue benefits or providing property or other interests to relevant parties to seek trading advantages.

ESG-Related Requirements for Supplier Admission Evaluation

Labor Rights	Occupational Health and Safety	Quality Management	Environmental Protection	Business Ethics	Management System
Prohibition of child labor and forced labor	Workplace safety	Quality audit mechanism	Setting environmental targets	Establishing internal business ethics systems and mechanisms	Establishing a social responsibility management system
Wages and social security	Safety risk management	Customer satisfaction survey	Environmental data statistics	Conducting regular business ethics training	Enhancing employees' awareness of social responsibility
Working hours management	Public health	Customer issue resolution management mechanism	Green office system	Supporting anti-bribery and anti-corruption confidentiality mechanisms	Supplier ESG monitoring and management
Anti-discrimination and anti-harassment	Health and safety training	-	Environmental protection measures	Responsible marketing	-
Respect for human rights	Employee health check-up	-	-	Fair competition	-

KPIs

Number of suppliers whose cooperation was terminated due to non-compliance with social responsibilities **0**

Number of suppliers whose cooperative relations were terminated due to corruption reasons **10**

Number of suppliers that signed the *Supplier ESG Commitment Letter* **3,180**

Collaborating on Environmental Protection

We advocate that suppliers actively adopt green technologies and cooperate with them to carry out projects such as photovoltaic power stations, jointly exploring the path of green development.

Photovoltaic Cooperation with Suppliers

The Company and its supplier have been jointly operating a photovoltaic power plant for two consecutive years. In 2025, the project delivered significant results upon implementation, achieving effective savings in standard coal while substantially reducing emissions of pollutants such as carbon dioxide (CO_2), sulfur dioxide (SO_2), and nitrogen oxides (NO_x). It also concurrently lowered the discharge of ash, slag, and soot. Furthermore, the project improved water resource utilization efficiency and reduced wastewater discharge. Overall, it demonstrated outstanding benefits in energy conservation, carbon reduction, and environmental protection.

Supplier Capacity Building

We are committed to working hand in hand with supply chain partners to continuously promote the improvement of suppliers in the fields of environment, governance and quality, and assist them in building transparent and honest internal management mechanisms. In 2025, we carried out **79** supplier training sessions, with a total of **1,218** suppliers participating.

Guiding product quality improvement

Through digital process seminars, on-site diagnosis and other forms, we assist suppliers in carrying out full-process process optimisation, and provide on-site precise guidance such as intelligent production line debugging and full-dimensional quality control testing, helping suppliers to synchronously meet our high-quality production standards.

Assisting in logistics and transportation

Relying on the digital logistics management system, we undertake material handling within the factory premises and accurate goods distribution for core distributors. Through the upgrading of real-time logistics information synchronisation and visual tracking capabilities, the supply chain efficiency has been improved.

Providing business ethics training

Relying on the digital training platform, we have built a customized special training module on anti-corruption and compliant operation, granting external suppliers and partners exclusive access rights to the platform for learning. This strengthens their compliance awareness of anti-corruption and anti-commercial bribery, and builds a transparent and open clean supply chain ecosystem.

Improving the Distribution Network

China Lesso has always regarded distributors as core symbiotic partners, and we continuously iterate diversified incentive mechanisms, and systematically carry out professional training for distributors covering operation, service and other dimensions, helping distributors comprehensively upgrade their terminal service capabilities and jointly build market competitiveness.

Distributor Management

We have established a sound distributor management and incentive system, guiding distributors to improve sales performance while ensuring service quality through a points system. We regulate the distributor points management mechanism through the *Points Management Rules for Piping Distributors of Lesso Group* and formulate corresponding reward measures. We strengthen the supervision and management of the authenticity of distributor data, encourage distributors to actively expand engineering projects, take the initiative to participate in bidding, and cooperate with us in anti-counterfeiting and rights protection work. Centring on the goal of "active points accumulation and win-win cooperation", we closely cooperate with the majority of distributors to jointly develop the market, and stimulate sales vitality through the points system to achieve mutual benefit and win-win results. At the same time, we also advocate that distributors take environmental protection measures, such as using electric vehicles, to help build a green supply chain.

In addition, "Lesso Direct Train" will be officially adjusted and upgraded to "Zonggou Direct Train" from October 2025. The former "official order placing platform of Lesso" has been comprehensively upgraded to "Internet service platform for hardware, home and building materials industry of all categories". Service providers will realize strategic transformation and upgrading from dealers to service providers through the combination mode of "public domain resources + private domain operation", and at the same time focus on building a one-stop local service platform for terminal stores.

Distributor Empowerment

We will assist dealers in enhancing their overall business capabilities. We will provide comprehensive support in various aspects such as expansion of sales channels, support for store establishment, and full-process business support. Additionally, we will adhere to the concept of deep collaboration, establish a regular and efficient communication mechanism, and simultaneously build a diversified professional training system.

Channel expansion

Relying on the Liaowang Direct Train, we assist distributors in carrying out precision marketing and asset-light operations, and expanding sales channels.

Business support

We dispatch a business team to be stationed in the region for a long-term deployment to be responsible for the ongoing support and management of distributors in each region, and provide support in sales, public relations, negotiations, etc., to protect the rights and interests of distributors.

Distributor communication

Through programme presentations, skills exchange activities, and other initiatives, we communicate with distributors and share hands-on experience.

Distributor Training

In 2025, while building a cloud-based internal trainer system on the platform, the team of marketing internal trainers reached 58 people, becoming the backbone of knowledge transfer and experience sharing. In the same period, the team completed a total of 81 sessions, focusing on product knowledge, sales practice and process optimisation, in addition, 17 business managers served as lecturers through the "Business Manager Lecturer Programme", further expanding the internal faculty reserve.

In 2025, through various forms such as offline summits, online platforms and special public courses, we comprehensively carried out distributor empowerment training: offline, we held multiple distributor summits in Hainan, Yunnan, Hebei and other places, focusing on team building, pipeline channel sales strategies, market development, digital marketing and leadership training, with a total of 481 person-times distributors participating, and the satisfaction rate reached 98.1%, at the same time, online courses were pushed quarterly, with a total learning duration of 21 hours, covering 1,448 people; in addition, focusing on our sales priorities, 11 special public courses focusing on "AI application" and "agricultural pipeline sales" were successfully held, covering a total of 3,893 person-times, accurately empowering business practice.

China Lesso Conducted Distributor Training in Huizhou and Renqiu in March

The Company's Marketing College organised distributor training in Huizhou, Guangdong and Renqiu, Hebei respectively. The themes of the two activities were the "Gather by the Dongjiang River, Start a New Journey" and "Hebei Starts a New Journey, Join Hands to Shine Together" distributor co-creation summits. The training included case study analysis, practical analysis, digital operation, etc., involving pipes, sanitary ware and other products and distribution-related content. This training attracted more than 100 distributors from Beijing, Shandong, Inner Mongolia and other regions, which not only enabled distributors to gain knowledge related to business expansion, but also built a strong communication platform between the Group and distributors.

Comprehensive Empowerment of Local Business Growth, Lesso Local Life Project Successfully Launched in Multiple Regions

The Company held a "Comprehensive Empowerment of Local Business Growth" local life project training camp, helping distributors enter new market segments through digital marketing training, the activity lasted for more than a month, covering about 100 distributors in four regions. The courses focused on practical content such as short videos, live broadcasts and AI, improving distributors' digital skills through "theory + practice". The training achieved remarkable results, with more than 70% of distributors launching short video and live broadcast operations immediately after participating, and participants reported that the courses were highly practical and applicable.



Group photo of Lesso Local Life Marketing Attack Training Camp (Central China Region)

The Distributor Co-creation Summit Activity was held successfully

The Company held a "Distributor Co-creation Summit", customizing training content covering the core capacity development needs of distributors in combination with the sales and marketing needs of each region. The summit adopted a 3-day and 2-night closed immersive capacity improvement form, setting up multiple development modules such as operation management capacity upgrading, market expansion strategy implementation, customer refined maintenance and core business skill honing; through in-depth interaction and brainstorming, this summit deepened the consensus on collaborative development between the Company's brand and channels, and established strong capability bonds for the collaborative growth of regional markets.



On-site of the Distributor Co-creation Summit Activity

KPIs

Distributor training duration **16,426.63** hours

Total person-times of distributor training **7,764**

Working Together to Shape the Future of the Industry

We have continuously explored innovative paths for high-quality development by jointly establishing standards, deepening the integration of industry, academia and research, and moving forward side by side with strategic partners.

Industry Interaction and Exchanges

Through domestic and international industry platforms such as the Canton Fair, China Building Decoration Expo, and the China International Supply Chain Expo, we actively engage in in-depth exchanges with peers on processes and technologies, and openly share our accumulated practical experience, contributing to the elevation and advancement of the industry as a whole.

China Lesso Participates in the 138th Canton Fair

From 23 to 27 October 2025, Phase 2 of the 138th Canton Fair was held in Guangzhou. We are exhibiting and showcasing our product lines, including pipes and fittings, building materials and home improvement, new energy solutions, and sanitary ware. Supported by our systematic layout, compliance with standards of multiple countries, new energy solutions and smart products, we attracted attention from domestic and overseas customers through physical displays and scenario demonstrations. Several overseas enterprises expressed intentions for cooperation. In the future, China Lesso will focus on innovation and globalisation, optimise products and services, and further develop the international market.



China Lesso Advances Strategic Agricultural Layout through Development Synergy

In August 2025, we participated in two major agricultural events in a coordinated manner. We exhibited at the 15th Southwest Water-saving Irrigation Exhibition, showcasing innovative agricultural planting systems and securing multiple cooperation intentions. We also attended the Sanya Agricultural Expo in Hainan, where our high-efficiency tropical agricultural plastic piping systems gained wide recognition and won the "Best Agricultural Pipeline Brand" award. The dual exhibitions demonstrated our technological strength and strategic commitment to the agricultural sector. In the future, we will continue to provide efficient and environmentally friendly agricultural facility solutions to facilitate the modernization of agriculture.



Promoting Partner Collaboration

We have long been deeply involved in the development and improvement of industry standards. We are committed to building an industry-university-research collaborative ecosystem with local governments, universities and research institutions, promoting the open flow of knowledge, technology and resources. In doing so, we unite industrial forces to drive overall innovation and upgrading.

Leading the Upgrading of Industry Standards

In 2025, the Company set clear quantitative targets for standard development or revision, aiming to develop and revise 35 standards; during the reporting year, we presided over or participated in the formulation and revision of 45 national, industrial, and association standards, national standard design drawings and technical specifications, representing a completion rate of approximately 128%. These standards cover water supply and drainage, industrial applications, hydrogen transmission and marine piping systems, including 30 national standards, 8 industrial standards, 1 local standard, 5 association standards and 1 national standard design drawing, while five national standards were issued and implemented during the reporting year and we led the formulation of one national standard as the first drafting entity, which fully demonstrates the Company's technical strength and influence in leading industry standards.

List of Standards Development or Revision in 2025

No.	Content of Standard Development or Revision
1	Presided over the formulation of National Standard GB/T 45232-2025 *Polypropylene (PP) Piping Systems for Building Drainage and Sewage*
2	Participated in the formulation of National Standard GB/T 45357-2025 *Plastic Piping Systems for Marine Use – Polyethylene (PE) Pipes and Fittings*
3	Participated in the formulation of National Standard GB/T 45355-2025 *Polyethylene (PE) Piping Systems for Non Pressure Buried Sewage and Drainage*
4	Participated in the formulation of National Standard GB/T 45356-2025 *Polypropylene (PP) Piping Systems for Non Pressure Buried Sewage and Drainage*
5	Participated in the formulation of National Standard GB/T 43982.11-2025 *Plastic Piping Systems for Non Excavation Rehabilitation of Underground Water Supply Networks – Part 11: Hose Insertion Lining Method*
6	Participated in the formulation of National Standard GB/T 45644-2025 *Test Method for Resistance to Ground and Traffic Loads of Thermoplastic Plastic Inspection Chambers*

Lesso College Develops the Industry's First Skills Evaluation Specification

As a "Leading Cultivation Unit of the Industry-Education-Assessment Skills Ecological Chain in Guangdong Province", we focused on key positions including plastic extruders and "plastic injection workers" in 2025. In the absence of a national template, we independently developed the *Evaluation Specification for Plastics Processing Workers* for industrial enterprises based on actual production and industry trends. This is the industry's first skills evaluation standard covering extrusion and injection moulding, and has been approved by the Department of Human Resources and Social Security of Guangdong Province.

2025 China Brand Day Event Held in Foshan

On the 9th China Brand Day, the 2025 event themed "Where There Is a Home, There Is Foshan Manufacturing" was held in Foshan. China National Petroleum Waterproof (Guangdong) Co., Ltd., a subsidiary of the Company, was recognised as a Guangdong Provincial Intellectual Property Demonstration Enterprise, supported by nearly 40 years of R&D accumulation of the Group. It has been granted more than 80 national patents. Its independently developed 2+2 LS-D series waterproofing products passed the scientific and technological achievement evaluation by the Ministry of Housing and Urban-Rural Development and were selected as 2024 construction industry promotion projects. This exhibition affirms its "technology-focused" strategy and demonstrates the effectiveness of Foshan's brand building. In the future, the enterprise will further promote collaborative innovation in "industry-university-research-application", upgrade building waterproofing standards through new material R&D, and reconstruct the engineering quality management system with digital twin technology, providing technical support for "building a new Foshan" and the development of a strong manufacturing country.



China Lesso Obtains CCS Certification to Expand New Applications in Marine Plastic Piping

On 11 March 2025, we obtained Factory Approval Certification from the China Classification Society (CCS), covering PVC-U, PE and PPR marine piping products. This certification is a core access qualification for the shipbuilding and marine engineering sectors, marking that we are qualified to supply relevant products. We will continue to expand new application scenarios for plastic piping through technological innovation.



China National Petroleum Waterproof (Guangdong) Co., Ltd. Selected as "Guangdong Provincial Engineering Technology Research Center"

China National Petroleum Waterproof (Guangdong) Co., Ltd., a subsidiary of the Group, was selected into the 2024 list of Guangdong Provincial Engineering Technology Research Centers. Relying on its R&D and engineering advantages in the waterproofing sector, it owns more than 80 patents and a series of innovative products. In the future, we will focus on cutting-edge areas such as green building materials and intelligent construction, and promote the low-carbon and intelligent development of the industry.

序号	工程中心名称	依托单位	所在地市
379			
380			
381	广东省先进环保防水材料（中油佳汇）工程技术研究中心	中油佳汇（广东）防水股份有限公司	佛山市
382			
383			
384			



Yunnan Lesso Awarded Yunnan Enterprise Standard "Leader"

At the release and awarding ceremony of the Yunnan Provincial Enterprise Standard "Leader" list held on 14 October 2025, Yunnan Lesso Technology Development Co., Ltd. was successfully selected as a "leader" in the plastic piping sector with its advanced enterprise standards. This selection not only highlights its technical strength and standard leadership in plastic piping, but also reflects its role as a benchmark in promoting high-quality industrial development.

China Lesso Wins Process Industry Technology Innovation Award

From 14 to 16 October 2025, at the ACHEMASIA Exhibition in Nigeria, China Lesso won the "Process Industry Technology Innovation Award" for its High-Barrier Flexible Hydrogen Transmission Pipe. We were invited to deliver a speech, sharing our piping solutions that support Chinese industries in expanding infrastructure in Africa, further enhancing the Group's influence in the international process industry.

Industry-University-Research Collaboration

Industry-university-research collaboration is the core engine driving technological innovation and industrial transformation. We continue to deepen joint R&D with universities and research institutes including South China Normal University and South China University of Technology, focusing on breaking through key industrial technical bottlenecks. In 2025, to address the pain points of high energy consumption and easy corrosion in the production of traditional metal ball valves, we launched the PP-R All-Plastic Ball Valve project focusing on the low-carbon transition of "replacing steel with plastic".The product completely replaces metal materials, is 70% lighter than traditional metal ball valves, 100% recyclable, and free of heavy metal ion pollution. It is suitable for potable water supply in residential buildings, water supply and drainage in commercial complexes, marine domestic water systems and agricultural irrigation networks, supporting green certification for construction projects. Meanwhile, we cooperate with universities including Northwest University of Political Science and Law, Tarim University, Xi'an University of Architecture and Technology International School and Longjiang Vocational and Technical School to cultivate professional talents systematically, promoting the efficient transformation of scientific research achievements into practical productivity.

Directory for Industry-University-Research Cooperation in 2025

Partner Institution	Research Project
Northwest University of Political Science and Law	Cooperation on ESG theoretical research, talent development and resource linkage
Hebei University of Technology	Exchange on polymer material applications in plastic piping and production process optimisation

China Lesso Supports Longjiang Study Tour Activities

In 2025, China Lesso was awarded the title of "Longjiang Town Study Tour Cooperation Unit". After the ceremony, Grade 7 and 8 students from Longjiang Foreign Language School visited China Lesso for a study tour. They visited the Lesso Impression Hall, Lesso Research Institute and automation workshops, attended a themed sharing session on corporate development and ESG practices at Lesso Academy and won prizes through interactive Q&A. In addition, we have long supported the development of communities and schools. We have donated to projects including the gymnasium of Longjiang Middle School and the reconstruction of Longshan Middle School. Engineers from our subsidiaries also delivered an AI-themed lecture at the opening ceremony of the 2024 second semester of Longshan Middle School, inspiring students with an interest in technology.


Group photo of students during the visit



Students with China Lesso landmarks

Moving Forward with Corporate Strategies

China Lesso and its affiliated brands have expanded their presence in various fields such as smart buildings, agriculture, and energy through a variety of measures including strategic cooperation and exhibition layout. The company has also achieved numerous recognitions and cooperation outcomes, contributing to the green and intelligent transformation of related industries.

China Lesso and ABB Smart Buildings have entered into a strategic partnership

On 16 September 2025, we signed a strategic cooperation agreement with ABB Smart Buildings in Foshan, Guangdong. The two parties will deepen cooperation in sales networks, channel development and market promotion for ABB miniature circuit breakers, switches and sockets, and Siemens switches and sockets, supporting the expansion of smart building products in the electromechanical retail market. Leveraging its extensive channel resources and market experience, China Lesso will further consolidate its supply chain system and enhance the competitiveness of its ecological industrial platform through this cooperation, demonstrating its strategic direction of deeply developing the building materials and home improvement sector and expanding the electromechanical retail market. Going forward, the two parties will continue to work together to promote the integration of technology and market demand, supporting the intelligent, green and efficient transformation of China's building materials industry.



Group photo of the signing ceremony between China Lesso and ABB

Lesso Banhao Debuts at SNEC Shanghai, Obtains Multiple Certifications and Strategic Partnerships

We exhibited at the Shanghai International PV, Energy Storage and Charging Exhibition (SNEC). Our full range of high-efficiency, lightweight photovoltaic modules, energy storage and charging products attracted wide attention. Core photovoltaic modules obtained CQC Full Life Cycle Green Certification and national-level green building material product certification. New-generation products obtained IEC international standard certification and TÜV SÜD High-Power Module Certification. At the exhibition, Lesso Banhao signed strategic cooperation agreements with SGS Group and TÜV SÜD respectively. In the future, it will focus on overseas business, expand the global market with a high-quality product portfolio and localised services, and support the global energy transition.

China Lesso Holds Home Decoration Local Service Strategic Partner Conference

In 2025, we held the China Lesso Home Decoration Local Service Strategic Partner Conference. At the conference, we officially launched the Home Decoration Local Service Platform, released the "Full-Solution Model for Water and Electricity Hidden Works", and held a ceremony for the strategic upgrade of the home decoration service brand. A series of keynote speeches focused on channel transformation, model innovation and win-win cooperation.



06 Carry Out Public Welfare Activities and Demonstrate Social Responsibility

China Lesso takes giving back to society as its internal driving force and regards fulfilling social responsibility as a core part of its corporate sustainable development. Continue to engage in concrete actions in public welfare, charity, rural revitalisation and other fields, effectively promoting community prosperity and the improvement of people's livelihoods, as we move towards a harmonious and shared prosperity with all sectors of society.

Material Issues and Core Strategies

Material Issues	Core Strategies
Public Relations and Social Welfare	• Leverage the Company's professional advantages in building materials and engineering to participate in rural infrastructure construction and industrial environment improvement in a targeted manner, and support rural development through a sustainable model
	• Establish an institutionalised public welfare service network covering diverse groups, and continuously respond to people's livelihood needs through regular voluntary services and targeted assistance mechanisms

Response to SDGs



Key Performance Indicators (KPIs)

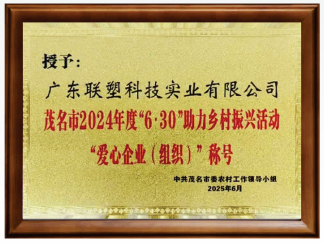
Total cumulative amount of external donations
RMB **6.23** million

Employee volunteer service hours
197 hours

Number of employee volunteer participations
312 participations

Supporting Rural Revitalisation

Taking industrial collaboration as the starting point, China Lesso deeply participates in rural construction and development by providing technical products and comprehensive solutions covering agricultural production, livestock and fishery，and other scenarios，helping foster new drivers of the rural economy and promote urban-rural integration and sustainable development. In 2025, the Group's total cumulative external donations amounted to RMB 6.23 million.



• Award of "Caring Organisation (Enterprise)" in the 2024 "6·30" Rural Revitalisation Support Activity in Maoming City

Rural Assistance Project in Gugong Village, Gaozhou

We carried out rural assistance work in Gugong Village, Gaozhou. In response to the requirements of the "High-quality Development Project for Hundred Counties, Thousand Towns and Ten Thousand Villages", the project focused on improving infrastructure and living environment. The main contents included: renovating the style and features of the Guxu Street in the village, carrying out protective construction of the Ancient Banyan Park, advancing the hardening of village lanes, and upgrading the village-level cultural square.



Rural Revitalisation Assistance Project in Gugong Village, Gaozhou

Public Welfare Project of Drinking Water Supply in Baini Village, Hongfenghu Town, Qingzhen City, Guizhou Province

We implemented a drinking water renovation project in Baini Village, Hongfenghu Town, Qingzhen City, Guizhou Province, providing the village with 3,000 metres of environmentally friendly pipes and supporting materials that meet national standards. These were used to replace the aged mountain spring water supply system, improving daily water supply conditions for nearly 10,000 residents in the village.



Rural Revitalisation Assistance Project in Baini Village, Hongfenghu Town, Qingzhen City, Guizhou Province

Practising Social Public Welfare

China Lesso has established the *Measures for the Management of Charitable and Social Welfare Projects*, building a systematic and standardised operation mechanism for public welfare projects to provide institutional support for public welfare investment. China Lesso maintain continuous communication and interaction with the community, pay attention to and respond to the actual needs of specific groups, and promote long-term public welfare initiatives such as education support and targeted assistance, helping to build an inclusive social environment through sustained participation.

Connecting Millions of Families with Love

We have cooperated with Longjiang Charity Association for nine consecutive years. Before the Spring Festival each year, we deliver living material gift packages to low-income families in Longjiang Town, beneficiaries at Chun'ai Kangyuan and children at the Autism Rehabilitation Centre, providing support to relevant groups through continuous in-kind assistance.



Longjiang Charity Association

China Lesso Volunteer Team

Focusing on the actual needs of the community, our volunteer team regularly provides regular assistance to the elderly, left-behind children, people with disabilities and disadvantaged families, and also participates in public welfare affairs such as community environmental maintenance. The team emphasises alignment between voluntary services and community needs, promoting positive interaction between volunteer practice and community development through long-term participation.



China Lesso Volunteer Team



• 2025 Shunde Social Forces Supporting the "Hundred-Thousand-Ten Thousand Project" Outstanding Contribution Award

China Lesso was awarded the "2025 Shunde Social Forces Supporting the 'Hundred-Thousand-Ten Thousand Project' Outstanding Contribution Award".

Appendix

Outlook

We are well aware that the vitality of an enterprise lies in responding to the challenges of the times. In the future, China Lesso will steer with "connection" as its compass, heading towards the deep waters of value co-creation, and work together with stakeholders to build a closer community of destiny.

We will deepen our global presence and make it more substantive.

We will continuously enhance compliance and risk control efforts, improve the full life-cycle green and low-carbon management of overseas projects from site selection, design to operation, and continuously refine the systematic overseas talent training program. This will help local employees grow into key technical and management personnel, making the "Heart-to-Heart Bridge" truly established in all corners of the world.

Moving towards sustainability and innovation.

On the logistics front, we are exploring more scientific and efficient green alternatives to lay a solid foundation for low-carbon operations through practical actions, and inject lasting green impetus into the stable development of enterprises.

Strengthening the foundation and moving steadily towards the future.

We will further optimize the governance structure, with a stable decision-making mechanism to ensure the enterprise operates in a standardized manner, and with a continuously deepened anti-corruption system and integrity culture to build the bottom line of risk control, providing a solid institutional guarantee for global layout and green transformation.

The blueprint for the future has already been drawn. China Lesso connects responsibility with trust and activates potential through innovation. In the journey of crossing mountains and seas and heading towards the future, together with all partners, we will sail towards a healthier, better, and more sustainable destination.



ESG Indicators Index

Environmental

Aspect	Indicator No.	Content	Location in the Report
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 relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	Green Innovation Leading a Low-Carbon Future- Insisting on Green Operation- Management of the Three Wastes
	A1.1	The types of emissions and respective emission data.	Green Innovation Leading a Low-Carbon Future- Insisting on Green Operation- Management of the Three Wastes
	A1.2	[Repealed 1 January 2025]	/
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Innovation Leading a Low-Carbon Future- Insisting on Green Operation- Management of the Three Wastes
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Innovation Leading a Low-Carbon Future- Insisting on Green Operation- Management of the Three Wastes
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Innovation Leading a Low-Carbon Future- Embarking on Green Goals
	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.	Green Innovation Leading a Low-Carbon Future- Insisting on Green Operation- Management of the Three Wastes
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Green Innovation Leading a Low-Carbon Future- Tackling Climate Change- Mitigating Climate Change
	A2.1	Direct and/or indirect total energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Innovation Leading a Low-Carbon Future- Tackling Climate Change- Mitigating Climate Change
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Innovation Leading a Low-Carbon Future- Advancing the Circular Economy-Water Resource Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Innovation Leading a Low-Carbon Future- Embarking on Green Goals
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and the steps taken to achieve them.	Green Innovation Leading a Low-Carbon Future- Embarking on Green Goals
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Innovation Leading a Low-Carbon Future- Advancing the Circular Economy-Waste Recycling
A3: Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Innovation Leading a Low-Carbon Future-Insisting on Green Operation-Environmental Management
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Innovation Leading a Low-Carbon Future-Insisting on Green Operation-Environmental Management

Social

Aspect	Indicator No.	Content	Location in the Report
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 relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Uniting Efforts and Building a People-Centric Future - Safeguarding Employees' Rights and Interests - Compliant Employment
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Uniting Efforts and Building a People-Centric Future - Safeguarding Employees' Rights and Interests - Employee Equality
	B1.2	Employee turnover by gender, age group and geographical region.	Uniting Efforts and Building a People-Centric Future - Empowering Employee Development - Building Teams of Talent

Aspect	Indicator No.	Content	Location in the Report
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 relating to providing a safe working environment and protecting employees from occupational hazards.	Uniting Efforts and Building a People-Centric Future - Occupational Safety and Health - Employee Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Uniting Efforts and Building a People-Centric Future - Occupational Safety and Health - Employee Health
	B2.2	Lost days due to work injury.	Uniting Efforts and Building a People-Centric Future - Occupational Safety and Health - Employee Health
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Uniting Efforts and Building a People-Centric Future - Occupational Safety and Health - Employee Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Uniting Efforts and Building a People-Centric Future - Empowering Employee Development - Promoting Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Uniting Efforts and Building a People-Centric Future - Empowering Employee Development - Promoting Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	Uniting Efforts and Building a People-Centric Future - Empowering Employee Development - Promoting Talent Development
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 relating to preventing child and forced labour.	Uniting Efforts and Building a Shared People-Centric Future - Safeguarding Employees' Rights and Interests - Compliant Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Uniting Efforts and Building a Shared People-Centric Future - Safeguarding Employees' Rights and Interests - Employee Equality
	B4.2	Description of steps taken to eliminate such practices when discovered.	Uniting Efforts and Building a Shared People-Centric Future - Safeguarding Employees' Rights and Interests - Employee Equality
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening Value Chains and Creating Shared Success - Building a Resilient and Win-Win Supply Chain - Supplier Management
	B5.1	Number of suppliers by geographical region.	Strengthening Value Chains and Creating Shared Success - Building a Resilient and Win-Win Supply Chain - Supplier Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening Value Chains and Creating Shared Success - Building a Resilient and Win-Win Supply Chain - Supplier Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Strengthening Value Chains and Creating Shared Success - Building a Resilient and Win-Win Supply Chain - Sustainable Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening Value Chains and Creating Shared Success - Building a Resilient and Win-Win Supply Chain - Sustainable Procurement
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 relating to products and services provided and methods of redress.	Striving for Excellence and Fostering Diversified Synergy - Strictly Controlling Product Quality - Product Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Striving for Excellence and Fostering Diversified Synergy - Strictly Controlling Product Quality - Product Quality Management
	B6.2	Number of products and service related complaints received and how they are dealt with.	Striving for Excellence and Fostering Diversified Synergy - Strictly Controlling Product Quality - Product Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Striving for Excellence and Fostering Diversified Synergy - Innovating Smart Products -Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	Striving for Excellence and Fostering Diversified Synergy - Strictly Controlling Product Quality - Product Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Striving for Excellence and Fostering Diversified Synergy - Enhancing Customer Experience - Privacy Protection and Data Security

Aspect	Indicator No.	Content	Location in the Report
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 relating to bribery, extortion, fraud and money laundering.	Upholding Responsibility and Strengthening Governance Foundation - Business Ethics and Anti-Corruption -Anti-Corruption Management Structure and System
	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.	Upholding Responsibility and Strengthening Governance Foundation - Business Ethics and Anti-Corruption -Anti-Corruption Management Structure and System
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Upholding Responsibility and Strengthening Governance Foundation - Business Ethics and Anti-Corruption -Anti-Corruption Management Structure and System
	B7.3	Description of anti-corruption training provided to directors and staff.	Upholding Responsibility and Strengthening Governance Foundation - Business Ethics and Anti-Corruption -Integrity Culture
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Carrying Out Public Welfare Activities and Demonstrating Social Responsibility - Practising Social Public Welfare
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Carrying Out Public Welfare Activities and Demonstrating Social Responsibility - Supporting Rural Revitalisation
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Carrying Out Public Welfare Activities and Demonstrating Social Responsibility - Supporting Rural Revitalisation

Climate-related Disclosures

Aspect	Indicator No.	Content	Location in the Report
Part D: Climate-related Disclosures	Governance	Information on the governance body or individual responsible for overseeing climate-related risks and opportunities, including how competencies are determined, the manner and frequency of being informed of risks and opportunities, how they are considered in decision-making, the oversight of target setting and progress toward achieving targets, as well as the role of management in related processes and its integration with internal functions	Green Innovation Leading a Low-Carbon Future – Climate Change Response – Governance
	Strategy	Description of the current and anticipated impacts of climate-related risks and opportunities on the business model and value chain, identifying areas of concentration; disclosure of strategies and plans to address risks and opportunities, including changes to the business model, adaptation or mitigation efforts, transition plans, approaches to achieving climate targets, and resource provision plans for actions, as well as progress on prior plans; disclosure of the current and anticipated financial impacts of climate-related risks and opportunities on the issuer's financial position, financial performance, and cash flows for the reporting period	Green Innovation Leading a Low-Carbon Future – Climate Change Response – Strategy
	Risk Management	Disclosure of the processes and related policies used to identify, assess, and prioritize climate-related risks and opportunities, and to monitor them, as well as how climate-related risks and opportunities are integrated into the overall risk management processes	Green Innovation Leading a Low-Carbon Future – Climate Change Response – Risk Management
	Metrics and Targets	Disclosure of absolute gross greenhouse gas emissions for Scope 1, Scope 2, and Scope 3 during the reporting period, including the measurement methodology, inputs, assumptions, and reasons for changes, as well as disclosure of Scope 2 emissions by geographic region and the categories included in Scope 3. Disclosure of qualitative and quantitative climate-related targets, including indicators, objectives, scope, period, baseline, interim targets, target types, and alignment with international agreements; disclosure of the methods for setting and reviewing targets, indicators for monitoring progress toward targets, as well as target performance and trend analysis; for greenhouse gas emission targets, a description of the gases covered, emission scopes, and whether it is a gross or net target, among others	Green Innovation Leading a Low-Carbon Future – Climate Change Response – Metrics and Targets

Feedback

Dear readers:

We look forward to your sharing of any opinions or ideas regarding the report, which will help us continuously improve the reporting process and the performance of our social responsibility work.

What is the stakeholder type that best describes your position?

☐ Government regulator	☐ Supplier	☐ Investor / Shareholder
☐ Employee	☐ Distributor	☐ Environmental organisation
☐ Customer	☐ Community and the public	☐ Other (please specify) _____

Your opinion on this report:

Evaluation Dimensions	Very good	Good	Acceptable	Poor	Very poor
Structure of the report	☐	☐	☐	☐	☐
Information disclosure	☐	☐	☐	☐	☐
Layout and design	☐	☐	☐	☐	☐
Readability	☐	☐	☐	☐	☐
Overall evaluation	☐	☐	☐	☐	☐

Which part(s) of this report is (are) the most useful to you? (You can select up to 2 items)

☐ Chairman's Message	☐ Upholding Responsibility and Strengthening the Foundation of Governance	☐ Uniting Efforts and Building a People-Centric Future	☐ Outlook
☐ About us	☐ Pursuing Excellence and Advancing Diversified Synergy	☐ Strengthening Value Chains and Creating Shared Success	
☐ Responsibility Spotlight	☐ Green Innovation Leading a Low-Carbon Future	☐ Carry Out Public Welfare Activities and Demonstrate Social Responsibility	

Do you have any other comments or suggestions regarding our Sustainable Development Report or performance? Please send your feedback to the dedicated CSR mailbox of China Lesso: csr@lesso.com.

LESSO 联塑

Unit 1A, 10th Floor, Tower 2, South Seas Centre, 75 Mody Road
Tsim Sha Tsui East, Kowloon, Hong Kong

(852) 2592 1388

(852) 2592 1385

www.lesso.com