

ESG REPORT 2025



About This Report

Reporting entity

The Reporting entity is “Lu Thai Textile Co., Ltd.”, which can be referred to as “We”, “the Company”, “Lu Thai”, “Lu Thai Company”, “Lu Thai Textile”, “Lu Thai Group”, “Group”, or “the Group”, unless otherwise specified in the main text.

Scope of the report

The time span of this Report is mainly from January 1 to December 31, 2025. In order to maintain the continuity and comparability of information, some content is beyond the aforesaid time span. The information involved is from the internal data of the Company, information submitted by subsidiaries, and public information. Unless otherwise specified, all amounts in this Report are expressed in RMB.

References

This report has been prepared in accordance with the China Social Compliance for Textile & Apparel Industry (CSC9000T), and the Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report, and the Self-Regulatory Guidance No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial). Additionally, it refers to the core plan of the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the United Nations 2030 Agenda for Sustainable Development (A/RES/70/1).

Disclaimer

This Report is released in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail. Forward-looking statements included in this Report refer to the statements of the business activities, events, or development trends that may happen in the future or will happen soon as predicted or expected by the Company, except for the statements of historical facts. The actual results or development trend may significantly differ from these forward-looking statements, due to variable factors. The Company is not obliged or responsible to update the forward-looking statements made by the Company in this Report before April 17, 2026, unless otherwise required by regulatory authorities.

Access

This report is available for viewing and download on the following websites: <http://www.szse.cn> (Shenzhen Stock Exchange); www.lttc.com.cn (Lu Thai Textile); www.cninfo.com.cn (CNINFO).

For any inquiries or feedback, please contact us via telephone at (+86) 533-5270088, email at sunyi@lttc.com.cn, or fax at (+86) 533-5418805. We are committed to protecting your privacy and will not disclose your information to any third party without prior consent.

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Chairman's Statement

Liu Zibin

Luthai Textile Co.,Ltd
Chairman President



Dear friends, thank you for your interest in this Report. On behalf of the Board of Directors of Lu Thai Textile, I would like to express my heartfelt gratitude for your long-term support for the Company!

The year 2025, full of struggle and achievements, has drawn to a close. As a participant and driver of industry development, Lu Thai has consistently focused on high-quality development, fully implementing the new development philosophy, proactively integrating into the new development pattern, and adhering to the “customer first” principle. The Company promotes a spirit of dedication, deeply cultivates the domestic market, expands overseas markets, adjusts structures, builds capacity, and pushes forward “cost reduction and efficiency enhancement” as well as “overall internationalization”. The Company has significantly advanced “one improvement”, “three guarantees”, and “five breakthroughs”, maintaining a healthy, stable, and continuous development trajectory. All departments have made fruitful progress through concerted efforts.

Throughout the year, guided by our “Customer First” philosophy and anchored to our two core strategies, we took proactive action in a complex and ever-changing market environment. We deepened collaboration with strategic customers, steadfastly advanced our key account strategy, accelerated the cultivation of potential strategic customers and the development of new customer relationships, and worked to increase the proportion of integrated fabric-and-apparel sales. We optimized our marketing structure and built a globalized marketing footprint, achieving efficient domestic and international coordination through a multi-channel sales network. We enhanced our strategic customer service framework by constructing an efficient service loop across three dimensions – strategic alignment, demand fulfillment, and service excellence – resulting in a multidimensional, cross-regional global development model and continuously strengthened market competitiveness.

Throughout the year, we remained committed to innovation-driven growth and technology enablement, solidifying our core competitiveness through breakthrough achievements. Guided by market demand, we deepened the transformation of our R&D model and established a collaborative innovation ecosystem spanning the full value chain, with a strong emphasis on the integration of industry, academia, research, and application. Focusing on the development of casual and green low-carbon products, we drove iterative product upgrades and built differentiated competitive advantages. By benchmarking against industry leaders, integrating premium resources, and refining our R&D organizational framework and process mechanisms, we established a modern R&D system designed to lead future development, support business operations, and create value.

Throughout the year, we remained dedicated to lean management and the pursuit of quality and efficiency, unlocking new potential for development through meticulous execution. Across all product lines, process optimization, equipment upgrades, and system improvements drove simultaneous gains in production efficiency and product quality, consolidating a green, low-carbon, intelligent, and efficient manufacturing foundation. Our leadership position in yarn-dyed fabrics was further strengthened, while the quality and delivery capabilities of yarn products, knitted fabrics, functional fabrics, printed and dyed fabrics, and new apparel categories saw continued improvement.

Throughout the year, we remained focused on brand empowerment and value leadership, elevating the Lu Thai brand through integrated, enterprise-wide collaboration. Anchored to our core objective of “consolidating the foundation for development”, we deepened product innovation by refining details around consumers’ scenario-specific needs to enhance market fit. We optimized our omni-channel distribution model and improved online-offline coordination mechanisms — positioning shelf e-commerce as a brand benchmark, achieving sales breakthroughs on the Douyin channel, upgrading in-store consumer experiences, expanding service boundaries through mini-programs, and systematically rolling out our membership system. We strengthened our team management framework, clarified core responsibilities, established standardized processes, and built a three-dimensional growth model of “product innovation + omni-channel coordination + standardized operations”, driving continuous appreciation in brand value.

Throughout the year, we maintained a focus on coordination, efficiency, and service enablement, reinforcing our development foundation through unity of purpose. Functional departments across the organization embraced the management philosophy of “supporting operations, enabling efficient coordination, ensuring scientific and practical management, and mitigating risks”. They proactively aligned with business development priorities, product innovation initiatives, and customer needs, with a strong culture of initiative and role coverage taking root. The resulting high-efficiency organizational synergy provided a solid foundation for navigating challenges. We upheld strict safety development standards, deepened risk prevention awareness, strengthened source-level controls, refined our end-to-end risk identification and mitigation framework, and enhanced emergency response capabilities — all to safeguard the Company’s stable and sound operations.

Throughout the year, we remained committed to culture-building and corporate responsibility, channeling the spirit of perseverance and innovation to generate momentum for progress. We continued to deepen the communication of our updated corporate culture framework, embedding core values across the full chain of business management. We established grassroots cultural engagement platforms and introduced innovative communication channels and formats, making cultural dissemination a regular and all-encompassing endeavor. Through recognition programs, technical skills competitions, cultural and sports activities, and other initiatives, the spirit of hard work was truly instilled across the organization. In pursuing stable operations, we fulfilled our social responsibilities; in embracing our responsibilities, we demonstrated our corporate values — achieving a profound integration of corporate culture and business development.

As we step into 2026, let us carry our unwavering conviction into every step forward, channel our energetic drive into every challenge we take on, and embed our practical commitment into every task we undertake. With the understanding that “success need not be of my own making” and the conviction that “success must have my contribution”, let us move forward with determination and steadfastness — writing our story through hard work, forging brilliance through dedication, and together painting an ever more magnificent future for Lu Thai Group.

April 17, 2026

About the Company

Group profile

Lu Thai Textile Co., Ltd., founded in 1987, is a global apparel solutions provider with premium fabrics as its core. The Company is one of the world's leading manufacturers of high-end yarn-dyed fabrics and a key producer of shirts for top international brands. As a dual-listed company (A-share and B-share), Lu Thai Textile possesses a fully integrated industrial chain that spans textile production, dyeing and finishing, garment manufacturing, and brand marketing. The Company has established 19 subsidiaries, three offices, and over 40 production factories across countries including the United States, Italy, and Japan, making it an integrated, innovative, and international textile and apparel enterprise encompassing R&D, design, manufacturing, and marketing services.

Currently, the Company operates 700,000 spindles and 102,000 thread spindles, with an annual production capacity of 220 million meters of yarn-dyed fabric, 90 million meters of dyed fabric, 20 million meters of functional fabric, 14,000 tons of knitted fabric, and 30 million garments. More than 60% of its products are exported to over 60 countries and regions, including the United States, the European Union, and Japan. The Company holds strategic partnerships with renowned domestic and international brands, with its high- and mid-end yarn-dyed fabric exports accounting for more than 18% of the global market share.

Over the years, Lu Thai has remained steadfast in its commitment to sustainable development guided by the principles of "green, low-carbon, and environmentally responsible" practices, delivering healthy and eco-friendly textile products to the world. The Company holds ISO 14001 Environmental Management System certification and OEKO-TEX Standard 100 certification. We established an Energy Management Center and leverage automation and information technology for scientific energy management, conducting ongoing "dual increase and dual conservation" initiatives in line with our energy management policy of "energy saving, consumption reduction, emission reduction, and efficiency enhancement". We closely track industry advances in low-carbon and environmentally friendly technologies, prioritizing the use of natural and renewable textile raw materials; adhering to safe and healthy auxiliaries, dyes, and chemicals; and implementing low-carbon, energy-saving programs across all production and business processes through the adoption of new technologies, processes, equipment, and energy sources. The Company's research on "high-flux membrane treatment and reuse technology for printing and dyeing wastewater and its industrialization" was awarded the Second Prize of the National Science and Technology Progress Award. Multiple technological achievements — including half-bath dyeing and reclaimed water reuse — have represented major breakthroughs in energy conservation, emission reduction, and green low-carbon practices within the textile industry. The Company has been recognized as an "Advanced Enterprise in Energy Conservation" and an "Enterprise with Outstanding Contribution to Energy Conservation", and has been included on the national pilot list for the creation of "resource-conserving and environmentally friendly" enterprises.

In addition to generating business value, fostering employee growth, creating employment, and contributing to government tax revenues, Lu Thai has embraced its social responsibilities and actively supported philanthropic causes. Over the years, the Company has donated more than RMB86 million and invested over RMB100 million in social welfare initiatives encompassing poverty alleviation, education support, disaster relief, elderly care, and community development. The Company has been recognized with honors including the "Outstanding Contribution to China's Charitable Cause Award" and the "Outstanding Contribution to Fulfilling Social Responsibility Award", among others.

Our culture

Mission: Global Elegance, Weaving Excellence, Green Manufacturing, Better Living

Focusing on the textile industry with fabric and apparel as our core business, we provide healthy, comfortable, and reliable products through international operations and green, intelligent manufacturing, serving customers worldwide and fulfilling people's aspirations for a better life.

Vision: A Global Green Fashion Textile and Apparel Industry Group with Leading Fabric Excellence

We aim to be a world-class textile and apparel industry group with leading fabric development and manufacturing capabilities, a globally structured presence in marketing, R&D, design, and production, and renowned expertise in integrated fabric and apparel services. With outstanding product quality, green fashion, leading market share, and strong brand influence, we strive to set the industry benchmark.

Values: Customer First, Driven by Hard Work, Pursuit of Excellence, Integrity and Win-Win Cooperation

Customer First: Customers are the foundation of the Company's survival. Meeting customer needs and ensuring customer satisfaction are our unwavering pursuits and the ultimate standards for evaluating our work. We stay attuned to changes in customer needs, respond quickly, innovate operations, and provide high-quality products and services to meet customers' personalized and diverse needs, enhance their experience, and achieve customer satisfaction.

Driven by Hard Work: To adapt to new circumstances, the Company emphasizes the role of hardworking individuals while upholding a "people-oriented" approach, providing a platform for them to realize their value and achieve rapid growth. Resources are directed toward those who strive, ensuring their efforts are recognized, so as to achieve common development of the strivers and enterprises.

Employees are encouraged to set ambitious goals, challenge themselves, persevere through difficulties, prioritize dedication over personal comfort, take on responsibilities where they are most needed, and proactively address challenges to create value for the Company and its customers.

Pursuit of Excellence: Only through continuous pursuit of excellence can we adapt to new circumstances, overcome challenges, maintain competitiveness, and drive personal and corporate development. There is no "best," only "better." In both conduct and work, we are never satisfied with present success, always aiming for world-class standards. We remain open and inclusive, embrace change, pursue continuous improvement, and foster innovation, striving to surpass ourselves, our competitors, and industry benchmarks, and to pursue excellence in every field and every task.

Integrity and Win-Win Cooperation: Integrity is the foundation of survival, and win-win cooperation is the path to development. In partnerships, we adhere to business ethics, remain honest and trustworthy, fulfill stakeholder needs, and create value for all parties. By fostering stable, trusting, and mutually beneficial relationships, we unite strengths to achieve greater success and share the fruits of development.

Development history

Zibo No. 7 Cotton Mill, Lu Thai's predecessor, was established.

Lu Thai Textile Company was opened formally.

It passed the ISO9001 Quality Management System Certification.

The Company passed the ISO14001 Environmental Management System Certification.

Ranguang Textile Co., Ltd. was acquired.

Lu Thai became A-share listed.

Beijing Sichuang Apparels Co., Ltd. was opened.

The Zichuan Urban Sewage Treatment Plant invested by the Company was put into operation.

The Lu Thai Sports Square was put into use.

Lu Thai Group was incorporated.

The Company passed the SA8000 Social Responsibility Management System Certification.

The Company was recognized as a National Yarn-dyed Fabric Product R&D Base.

Lu Thai School of Textile and Apparel, Shandong University of Technology, was founded.

Lu Thai Milan Office was opened.

The Company was granted the "China Quality Award".

The Company was recognized as a "Five-starred Chinese Industrial Enterprise in the Performance of Corporate Social Responsibilities".

The "set of technologies and equipment for automatic digital cheese dyeing", jointly developed based on the "industry-university-research-application" cooperation, was granted the First Prize of the State Scientific and Technological Progress Award.

The Company started its new 30-year voyage. A high-level forum on the theme "Gather the Top Wisdom of the Industry, Plan Lu Thai's Future Development" was held to plan the development vision for the next three decades.

The Company was recognized as a "National Industrial Design Center", making it the first enterprise to win this honor in Zibo City.

The water reuse project was completed.

The Lu Thai Textile Fabric Museum and the Lu Thai Development Museum were opened. The Lu Thai Industrial Design Summit was held.

The construction of the Functional Fabric Intelligent Ecological Park Project began.

The construction of the Lu Thai knitting project began and Phase I was put into production.

The strategic cooperation project of Lu Thai Textile and Xiniu Intelligent Manufacturing was initiated.

The inauguration ceremony for new projects at Lu Thai Group's overseas production base was held.

Lu Thai Textile was listed on the 2023 Yicai Corporate Social Responsibility Ranking in China and won the "ESG Innovation Practice Award".

The Company successfully obtained approval as a 2025 Qilu Skilled Masters' Featured Workstation.

1987

1990

1995

1998

1999

2000

2004

2005

2006

2007

2003

2005

The Company passed the OHSAS18001 Occupational Health and Safety Management System Certification.

Zibo Luqun Textile Co., Ltd. was established.

Beijing Lu Thai Shirt Co., Ltd. was established.

Lu Thai became B-share listed. Yunjinchuan Clothing Co., Ltd. was acquired.

Lu Thai Textile Company was restricted into a joint-stock enterprise with foreign investment and renamed Lu Thai Textile Co., Ltd.

Lu Thai Textile Company, a China-Thailand joint venture, was incorporated.

1988

1993

1997

2000

2004

2005

2006

2008

2010

2012

2009

Lu Thai was recognized as a "Stated-accredited Enterprise Technology Center" by five departments, including the National Development and Reform Commission and the Ministry of Science and Technology.

The Lu Thai Textile and Apparel Engineering Research Institute was founded.

The Company was granted the Second Prize of the State Scientific and Technological Progress Award for its key processing technology of ultra-high count pure cotton fabrics and its industrialization, high-flux films for printing and dyeing wastewater and recycling technology.

2013

2014

2015

Lu Thai (America) Textile Co., Ltd. was opened.

The Company won the "Global Performance Excellence Award".

The Company was granted the third "China Grand Awards for Industry".

A grand ceremony was held because the Phase II project of LuFeng Company Limited was put into production.

The Company won the title, "China Advanced Enterprise with an Excellent Performance Model (2012)".

2017

2016

The unveiling ceremony of the Company's academician workstation was held in the West District Industrial Park.

The Company successfully passed the on-site accreditation of demonstration enterprises in the textile industry for energy-saving and emission reduction technology application.

2018

Lu Thai issued RMB1.4 billion of convertible bonds.

The Phase I project of the Functional Fabric Intelligent Ecological Park was put into production.

The project of colored spun yarns was put into production.

2019

2020

Lu Thai's operating revenue exceeded RMB10 billion, a new start of the new 30-year voyage.

2021

2022

The unveiling ceremony of the "Zichuan District Aesthetic Education Practice Base" at Lu Thai Vocational Training School was held.

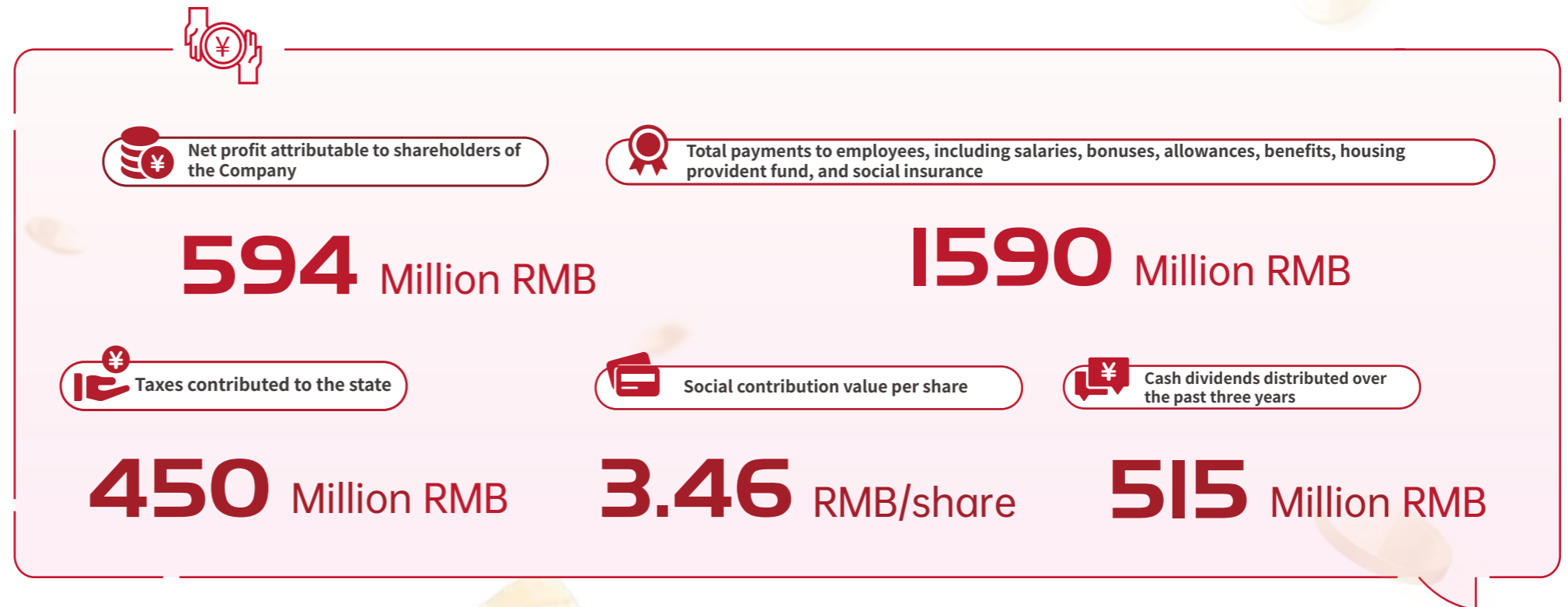
Lu Thai Textile was included on the list of the First China Industry Carbon Peaking "Leaders" (enterprises).

2024

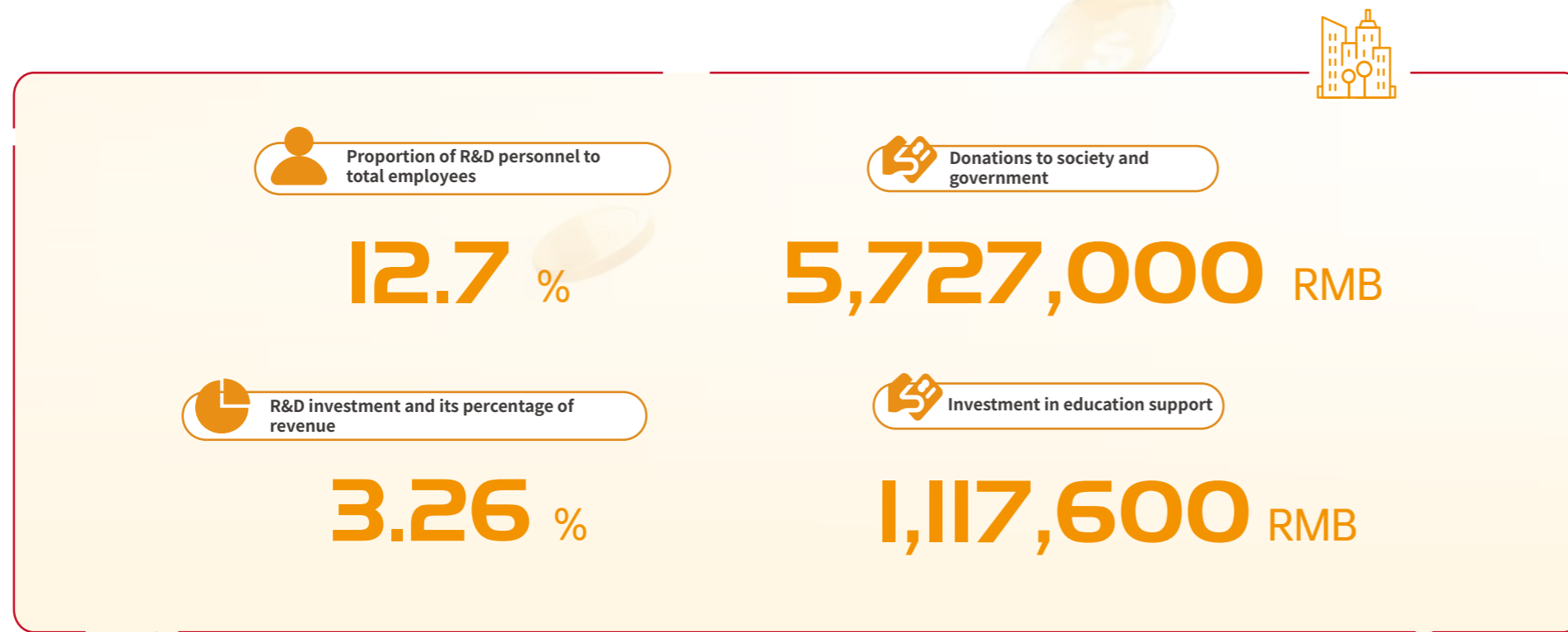
2025

Performance review

Economic performance



Social performance



Own brands: LT • GRFF, Lu Thai, Lu Thai 1987, Luthai Lite Collection, NARCISU and so on.

Own brands sales
8,268,200 RMB

List of honors



China National Textile & Apparel Council, China Finance, Trade, Light Industry, Textile, and Tobacco Trade Union, and the Women's Workers Department of the All-China Federation of Trade Unions



China Corporate Culture Institute



China Quality Certification Center (CQC)



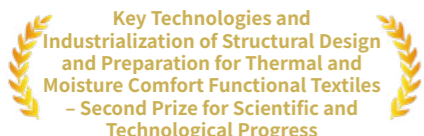
China National Textile and Apparel Council



China Enterprise Confederation, China Entrepreneurs Association



China Textile Information Center



China National Textile and Apparel Council



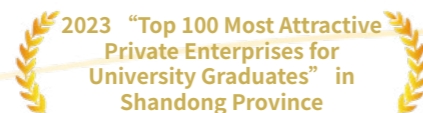
China National Textile and Apparel Council



Shandong Provincial Committee of the Youth League



Shandong Textile and Apparel Association



Human Resources and Social Security Department of Shandong Province



Department of Industry and Information Technology of Shandong Province



Shandong Development and Reform Commission, Department of Industry and Information Technology of Shandong Province



Zibo Municipal People's Government



Zibo Municipal People's Government



CQC Partner in Progress — Zhiyuan Award



Outstanding Contribution to High-Quality Development of Shandong's Private Economy



"AAA Credit Enterprise"



Brand value: 12.826 billion yuan

Industry role

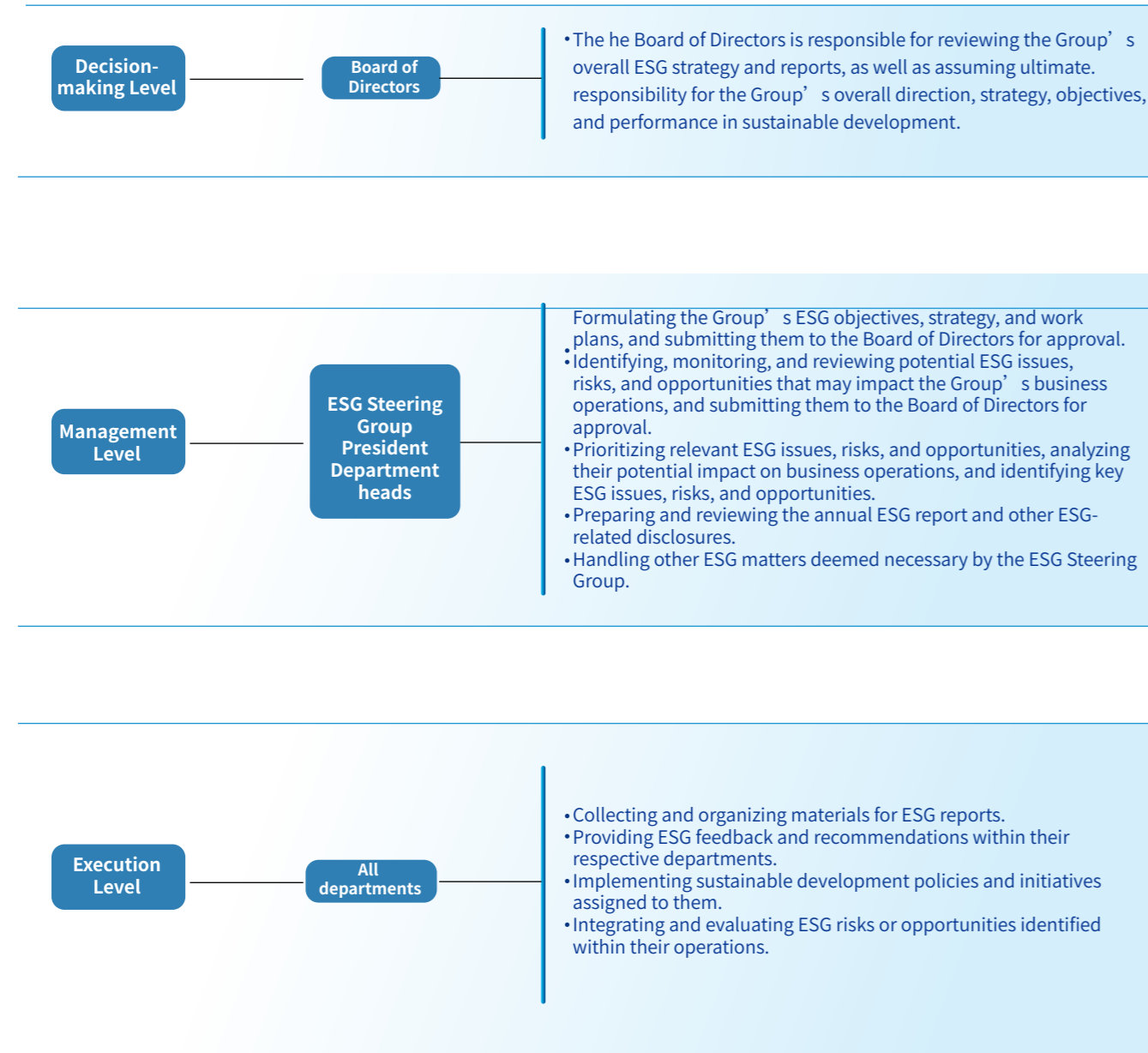
Industry Organizations	Role of the Company
China National Textile and Apparel Council	The 5th Vice Chairman Organization Specially Invited by the Council
China Chamber of Commerce for Import and Export of Textiles	The 7th Vice Chairman Organization Specially Invited by the Council
China Dyeing and Printing Association	The 7th Vice Chairman Organization Specially Invited by the Council
China National Garment Association	The 8th Vice Chairman Organization of the Council
China Textile Engineering Society	The 27th Standing Director Organization of the Council
China Cotton Textile Association	The 6th Vice Chairman Organization of the Council
China Textile Enterprise Association	The 11th Standing Director Organization of the Council

ESG Governance

Lu Thai Textile continues to enhance its ESG governance mechanism, optimizing its governance structure to ensure scientific and effective decision-making. The Company actively implements environmental, social, and governance initiatives, integrating ESG systematically into daily operations to comprehensively support high-quality corporate operations and achieve sustainable and healthy development.



ESG governance structure

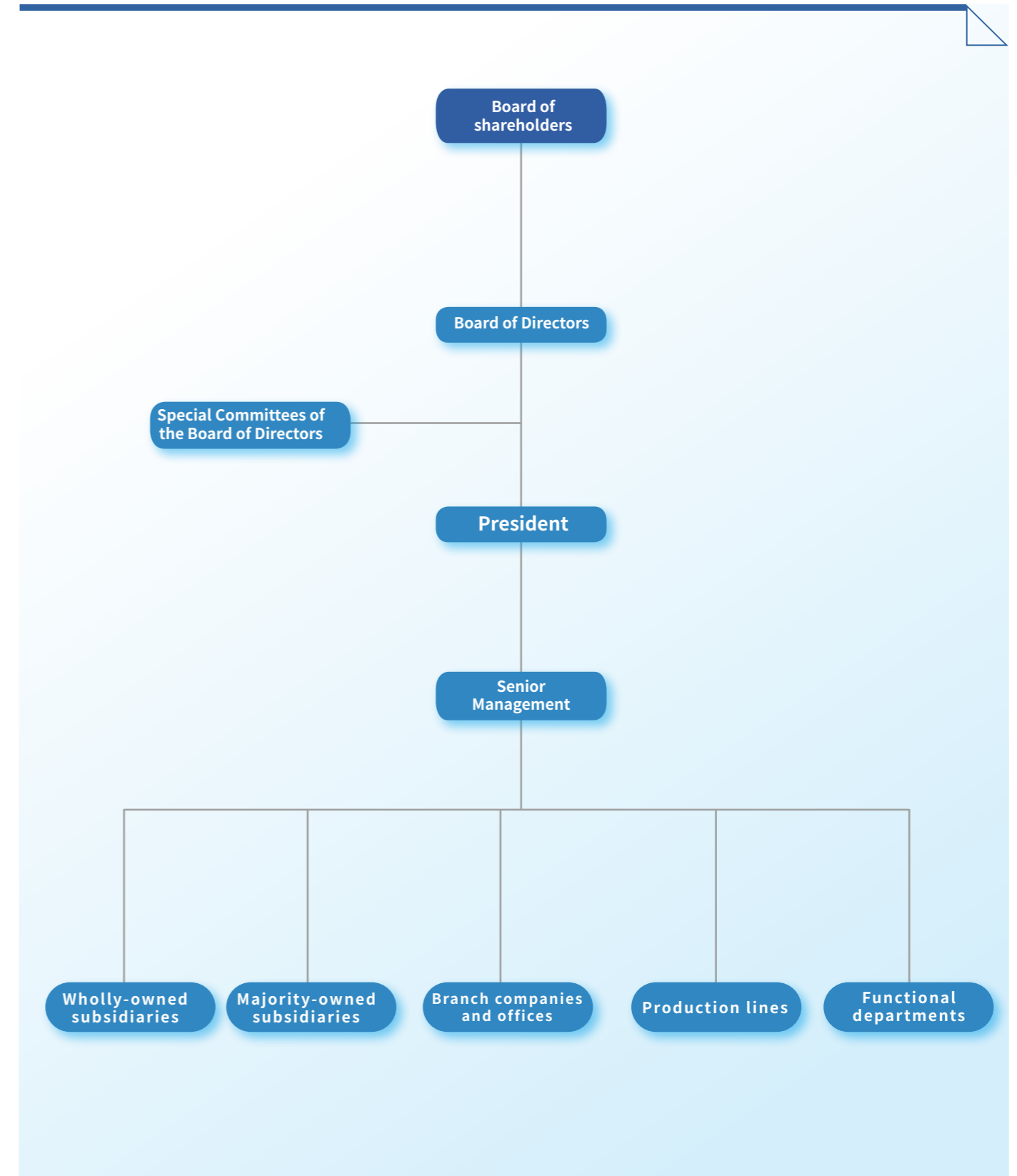


Governance structure

The Company continuously improves the basic governance structure composed of the General Meeting of Shareholders, the Board of Directors, and the Senior Management, whose rights and responsibilities are defined in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China, the Listing Rules of Shenzhen Stock Exchange, and other relevant laws, regulations, and regulatory documents in order to ensure efficient and standardized operations.

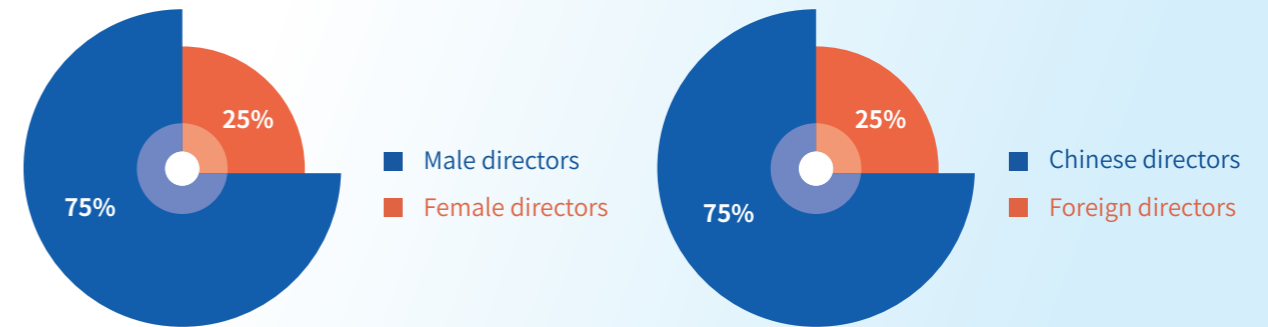
The Board of Directors performs its duties in strict accordance with the Articles of Association and the Rules of Procedure of the Board of Directors. The Board of Directors has established the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. These special committees make full use of their expertise to make scientific decisions on the Company's development issues.

Organizational Chart



Committee Name	Main Responsibilities	Functioning of Committee
Strategy Committee	Conduct feasible study on the Company's long-term strategic development plans and major investment decisions, determine the Company's development plans, improve investment decision-making process, enhance scientific decision-making, and improve the quality and effectiveness of major investment decision.	Chairman: Liu Zibin Members: Xu Zhinan, Liu Deming, Xu Jianlv, Zheng Huisheng, Zhang Zhanqi, Zhang Keming, Du Lixin, Zhu Beina, Yu Mingtao, Quan Yuhua, Wei Jian In 2025, the Committee held one meeting, with a full attendance rate of the members.
Nomination Committee	Study and formulate the criteria and procedures for selection of the Company's directors and senior management, optimize the structures of the Board of Directors and the management, and improve corporate governance structure.	Chairman: Zhu Beina Members: Liu Zibin, Yu Mingtao, Quan Yuhua, Wei Jian In 2025, the Committee held three meetings, with a full attendance rate of the members.
Compensation Committee	Formulate and review remuneration policies and plans, formulate and implement assessment and evaluation criteria, improve the assessment and evaluation system for the Company's directors and senior management, and formulate scientific, effective remuneration management policies.	Chairman: Zhu Beina Members: Liu Zibin, Yu Mingtao, Quan Yuhua, Wei Jian In 2025, the Committee held one meeting, with a full attendance rate of the members.
Audit Committee	Responsible for the communication, supervision, and review of the Company's internal and external audits, strengthen the Board's effective oversight of the management, enhance internal control capabilities, and improve internal control policies.	Chairman: Yu Mingtao Members: Liu Deming, Wei Jian In 2025, the Committee held six meetings, with a full attendance rate of the members.

The Board of Directors comprises 12 directors (including four independent directors), of whom three are female directors and three are foreign nationals. In 2025, the Board convened 12 meetings with a director attendance rate of 100%. During the reporting period, a total of 51 agenda items were reviewed and approved, covering matters such as related-party transactions, Board renewal, policy revisions, periodic reports, profit distribution, and the ESG report.



Name of Director	Gender	Age	Position(s)	Date of Service Commencement
Liu Zibin	Male	61	Chairman and President	June 6, 2007
Xu Zhinan	Male	96	Vice Chairman	May 6, 2004
Liu Deming	Male	36	Director	May 12, 2017
Xu Jianlv	Female	51	Director	June 9, 2022
Zheng Huisheng	Male	38	Director	June 9, 2022
Zhang Zhanqi	Male	54	Director and Vice President	June 9, 2022
Zhang Keming	Male	58	Director and Chief Accountant	June 9, 2022
Du Lixin	Male	51	Director and Chief Engineer	June 9, 2022
Zhu Beina	Female	68	Independent Director	June 9, 2025
Yu Mingtao	Male	47	Independent Director	May 7, 2025
Quan Yuhua	Female	70	Independent Director	June 9, 2022
Wei Jian	Male	57	Independent Director	June 9, 2025

Board development

Lu Thai Textile places great importance on board development, continuously optimizing its structure and functions. The Company ensures the effective operation of board committees, emphasizes the independence and diversity of board composition, and actively conducts training for board members and management. The Company also assigns responsibilities to directors based on their professional backgrounds and work experience, ensuring efficient operations and sound decision-making by the Board—thereby effectively enhancing the Company's overall governance standards and operational efficiency.

ESG strategy

GOALS



1 No Poverty

End poverty in all its forms everywhere.

The Company has actively paid taxes to the governments of countries where it operates to promote the economic development of the surrounding communities.



2 Zero Hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

The Company has implemented the policy of local employment and provided regionally competitive remuneration and benefits.



3 Good Health and Well-being

Ensure healthy lives and promote well-being for all at all ages.

Provide a comfortable and safe working environment, ensuring employee safety and health. During the pandemic, no cluster infections occurred among Company employees.

The Company properly prevented and treated occupational diseases. Besides, the Company has established and improved employees' profiles of occupational health and organized annual check-ups to protect the physical and mental health of employees.



4 Quality Education

Ensure inclusive and equitable quality education and promote lifelong opportunities for all.

The Company has improved its employee education and training mechanism. In 2025, 23,593 employees participated in vocational training, achieving a 100% vocational training coverage rate.

The Company organizes activities to support students every fall by providing employees' children with scholarships. It also donates educational funds to society to cultivate textile talent.



5 Gender Equality

Achieve gender equality and empower all women and girls.

The principle of gender equality has been observed. The Labor Union has earnestly protected female employee rights and interests and improved their competence.

An equal remuneration system has been developed to ensure equal pay for equal work between male and female employees.



6 Clean Water and Sanitation

Ensure availability and sustainable management of water and sanitation for all.

Production departments have been encouraged to propose new measures to save water. The Company has increased investment in reclaimed water reuse projects, further promoting recycled use of water resources and providing a long-term guarantee for social development.



7 Affordable and Clean Energy

Ensure access to affordable, reliable, sustainable and modern energy for all.

The Company has conducted the project of rooftop photovoltaic power generation to contribute to the energy transformation of enterprises and society.



8 Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

By performing the digital and intelligent transformation of production lines, Luthai has reduced labour intensity and raised resource utilisation efficiency.



9 Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

In 2025, Lu Thai invested RMB 192 million in research funds in total. Additionally, it has been granted 578 patents in total, including eight software copyrights. Lu Thai has organized or participated in the formulation of 84 national and industry standards.



10 Reduced Inequality

Reduce inequality within and among countries.

The Company has established plants in overseas developing countries, and actively created job opportunities to develop local economies.



11 Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

Diverse assistance activities have been conducted in economically backward villages. Luthai Textile has purchased agricultural products from local farmers and donated daily necessities to residents to improve their living conditions.



12 Responsible Consumption and Production

Ensure sustainable consumption and production patterns.

Sustainable development reports have been released regularly, and ESG-related information is actively disclosed to enhance transparency.

Meanwhile, the Company has updated the requirements for suppliers and implemented stricter standards of duty performance for suppliers. It has worked with suppliers and contractors to actively perform duties to improve the industrial chain environment and drive social responsibility practice.



13 Climate Action

Take urgent action to combat climate change and its impacts.

Lu Thai Textile has responded to the 2030 "carbon peak" and 2060 "carbon neutrality" goals by actively carrying out climate action plans.



14 Life below Water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

The Company has proposed new processes, reduced the COD value of printing and dyeing wastewater, and protected water resources and aquatic animals.



15 Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Prior to the launch of a new project, Continental Group has entrusted environmental assessment agencies to conduct environmental assessment, including the assessment of the influence on local biodiversity. In the meantime, it earnestly performs greening governance, holds activities on Arbor Day, and enhances employees' awareness of environmental protection.

A company's sustainable development management shows the responsibility and respect of the company for its customers, employees, products, and future. For many years, Lu Thai has kept pace with international and domestic development trends for years. By vigorously responding to national and industry policies, Continental Group has demonstrated its sustainable development through actions.

2022-2026 ESG Strategic Goal: Achieve an industry-leading level of green, low-carbon, environmentally friendly, and sustainable development.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Explicitly incorporated health, safety, and environmental management requirements for suppliers into tendering conditions, indirectly encouraging suppliers and contractors to continuously strengthen their safety production and environmental protection practices.



Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development.

The Company has actively participated in industry organizations and initiatives, joined multiple industry associations, earnestly conducted industry exchanges, and promoted industry development.

Stakeholder engagement

Stakeholders	Issues of Concern	Means of Communication	Actions of Lu Thai Textile
 Government	Operation in Compliance Safe and Green Production Fulfillment of Social Responsibilities	Supervision and inspection Visits Material providing	Strictly complying with laws and regulations Actively responding to environmental calls and formulating action plans Helping the poor and improving people's livelihoods
 Customers	Product Quality Responsible Marketing Integrity Respecting Customers' Opinions	Customer visits Customer service hotline Opening business operations Satisfaction survey	Improving the product quality management system Improving the customer relationship management system Conducting the customer satisfaction survey Visiting customers regularly
 Shareholders and investors	Corporate Governance and Profitability Honest and Compliant Operations Competitive Edge	Board of shareholders On-site survey Telephone consulting Interaction Easy of the Shenzhen Stock Exchange	Compliant operations, openness, and transparency Safeguarding the legitimate rights and interests of shareholders by laws
 Suppliers	Product Quality Product Safety and Environmental Compliance Corporate Compliance Operations	Supplier audits On-site communication Telephone and email communication	Require suppliers to sign a quality statement Require chemical product suppliers to provide relevant qualification certificates and sign an environmental compliance statement Conduct regular on-site supplier audits and communications
 Employees	Respecting Human Rights Remuneration and Benefits Career Development Channels Health and Safe Production	The Labor Union and the employee representative assembly Employee complaint Satisfaction survey	Improving the remuneration management system Improving employee cultivation and promotion mechanisms Diverse communication channels Helping for employees in need Establish a comprehensive complaint mechanism and channels
 Value chain partners	Green and Low-carbon Development Honest and Compliant Operations	Exchange visits among senior management personnel Exchange and cooperation in experience and technology Daily communication Exchange through industry conferences	Continuously improving supplier management procedures and strengthening the control of operational risks Strengthening contract management and standardizing credible procurement Sharing experience and technology and exchanging needed goods Building industry-university-research platforms
 Communities and the public	A Harmonious Community Relationship Contributing to the Community Economy	Supervision by the masses Visiting communities	Helping the poor and joining public welfare activities Community donation and landscaping Promoting employment and developing local suppliers

We place great importance on maintaining effective communication with internal and external stakeholders. By establishing a regular communication mechanism, we promptly understand stakeholders' concerns and continuously optimize communication channels to actively respond to their interests. This approach ensures the orderly progress of the Company's sustainable development initiatives.

Materiality assessment

As part of our stakeholder engagement policy, we conduct periodic ESG materiality assessments. This year, with the assistance of external experts, we carried out a materiality analysis in accordance with the guidance provided by the Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report issued by the Shenzhen Stock Exchange. Through this process, we identified material issues that significantly impact both the Company and stakeholders, determining the most critical issues for our business and stakeholders while providing insights for the Group's ESG reporting and strategy.

Materiality Assessment Process

1. ESG Issue Library Creation

Referring to the materiality issue distribution guidance from the Self-Regulatory Guidance No. 3 for Companies Listed on Shenzhen Stock Exchange—Preparation of Sustainability Report and Self-Regulatory Guidance No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial), we established the 2025 ESG issue library after a comprehensive evaluation, considering the Company's overall business development in 2025 and best ESG management practices within the industry.

2. Formulation and Implementation of Stakeholder Engagement Plan

By closely focusing on trends in the textile industry and broader socio-economic developments, we engaged with key stakeholders during the Reporting Period through communication and surveys to gather their opinions and suggestions.

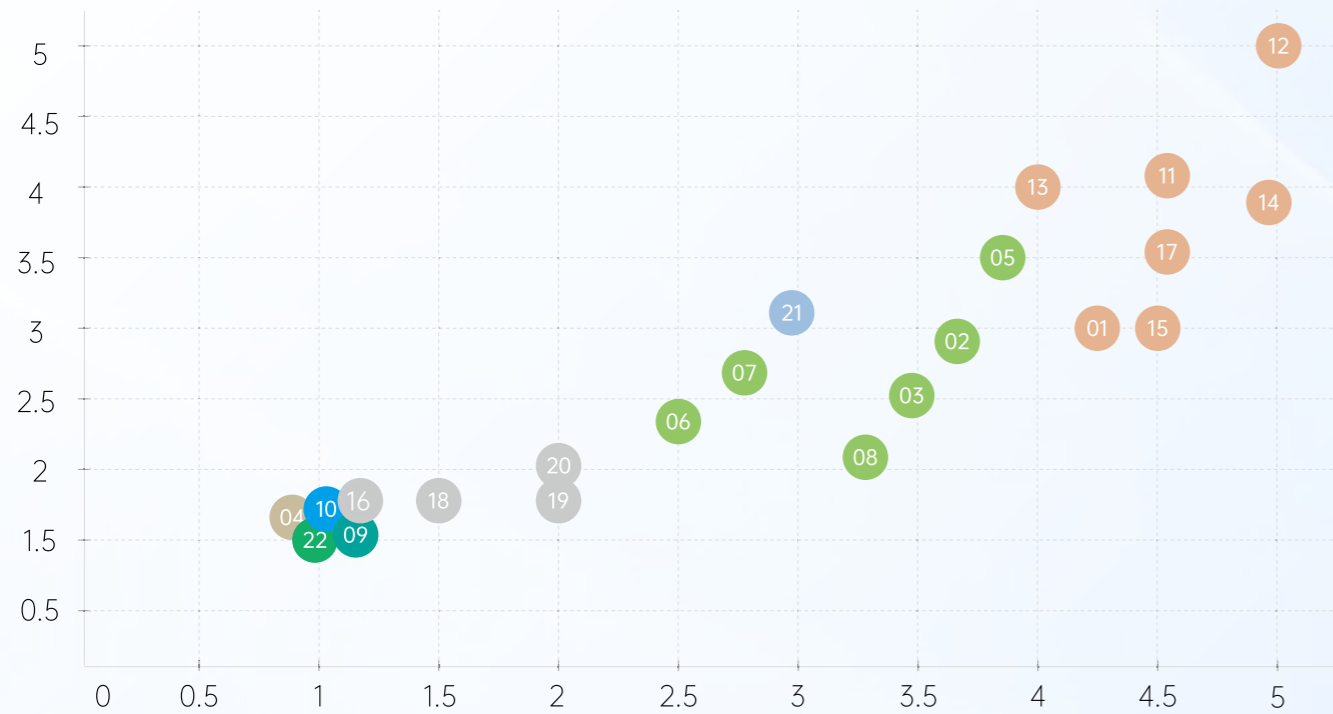
3. Quantitative Assessment of ESG Material Issues

Internal and external stakeholders were invited to evaluate the materiality of various ESG issues, and a materiality matrix was developed. The Company invited stakeholders across all categories to complete a questionnaire survey, rating the importance of each of Lu Thai's 2025 ESG topics on a scale of 1 to 5, with higher scores indicating greater importance. After the survey, the Company analyzed the feedback and assessed each issue's materiality based on two dimensions: "materiality to corporate development" and "materiality to stakeholders". This analysis resulted in the ESG materiality matrix for the year. The survey covered a wide range of stakeholders, including board members, senior and mid-level management, employees, customers, investors, suppliers, and government regulators.

4. Review and Approval of the Materiality Assessment Report

The materiality assessment report was submitted to the management for review and approval before the results were published.

Lu Thai Textile 2025 ESG Materiality Matrix



Through this assessment, we identified 22 material issues of stakeholder concern in 2025.

Environment (E)	Corresponding Chapter	Society (S)	Corresponding Chapter
01 Climate Change Response	Chapter 5	09 Information Security and Privacy Protection	Chapter 2
02 Pollutant Emissions	Chapter 5	10 Technology Ethics	Chapter 2
03 Waste Management	Chapter 5	11 Innovation-Driven Development	Chapter 3
04 Ecosystem and Biodiversity Protection	Chapter 5	12 Product and Services	Chapter 3
05 Environmental Compliance Management	Chapter 5	13 Supply Chain Security	Chapter 4
06 Energy Utilization	Chapter 5	14 Workplace Safety	Chapter 4
07 Water Resource Utilization	Chapter 5	15 Chemical Safety	Chapter 4
08 Circular Economy	Chapter 5	16 Fair Treatment of SMEs	Chapter 4
		17 Employees	Chapter 6
		18 Social Contribution	Chapter 7

Governance (G)	Corresponding Chapter
19 Anti-Bribery and Anti-Corruption	Chapter 2
20 Anti-Unfair Competition	Chapter 2
21 Stakeholder Engagement	Chapter 2, 3, 4
22 Due Diligence	Chapter 4

Risk management

Risk management empowers the stable operation of enterprises. In accordance with the Code of Corporate Governance for Listed Companies and other applicable regulations, as well as the Company's Articles of Association, the Company systematically identifies internal and external risks and formulates corresponding response measures. Risks are managed through a structured process, including information collection, risk assessment and analysis, strategy formulation, risk response, and monitoring and improvement. Additionally, the Company has established a "Three Lines of Defense" risk management framework to enhance the rationality, standardization, and effectiveness of its risk management practices.

Board Level

Audit Committee

Third Line of Defense

Audit Department

Responsible for supervisory functions, conducting audits and investigations to implement a closed-loop risk management system. It analyzes and independently assesses whether the Company's risk management measures are adequate and effective.

Second Line of Defense

Risk Management Departments (e.g., Finance Management Department, Corporate Management Department)

Design, implement, and oversee risk management practices based on the nature of risks and the Company's risk tolerance to ensure the Company establishes a suitable and effective risk management system.

First Line of Defense

Factories and functional departments are responsible for executing fundamental risk management processes and control measures, promptly identifying, managing, and controlling related risk control systems.

Responsible business conduct

Compliance management

Adhering to operations with integrity, law-abiding principles, and compliance, Lu Thai Textile has always emphasized that integrity and law-abiding principles are the foundation of the Company, and always abode by the values of "integrity and win-win situation". Under the philosophy of operations with integrity, the Company has continued to strengthen the compliance management system, improve compliance management policies, optimize auditing procedures, and implement internal control in order to safeguard healthy and sustainable development.

Compliance management system

Following the philosophy of operations with integrity, the Company has continued to improve the compliance management system, strengthened the effect of internal auditing, and established the Self-assessment Control Matrix based on the procedure documents in order to determine the assessment scope and priorities. With all procedures assessed, the on-site testing has identified deficiencies, made suggestions for improvement, and timely produced the Internal Control Self-assessment Report to ensure effective internal control assessment.

To promote normative and institutionalized business operations, the Company, considering its realities, has formulated the Regulations on Internal Auditing in accordance with the Internal Auditing Standards and the Basic Norms for Corporate Internal Control promulgated by the Ministry of Finance and the relevant laws and regulations. By doing so, it has effectively improved the overall management and risk prevention capabilities.

Internal audit

Indicator (Unit)	2023	2024	2025
Internal control audit coverage (%)	82.15	80.45	85.86

Note: Internal control assessment coverage is the ratio of the total assets of the assessed entities to the Company's total assets

The Company values the implementation of internal control. Following its 18 guidelines for internal control, the Company comprehensively tested and assessed the system development and implementation of the internal control of the Head Office and holding subsidiaries, identified design and operational deficiencies, and formulated and implemented targeted remediation measures for each type of deficiency. In 2025, the Company assessed the internal control of eight subsidiaries and issued the internal control assessment matrices.

Targets	Indicators	2023	2024	2025
Senior leaders	Quantity of non-conformance events	0	0	0
Middle-level leaders and related functions	Quantity of non-conformance events	0	0	0
Employees	Quantity of non-conformance events	0	0	0
Shareholders	External audit results	Standard unqualified audit opinions	Standard unqualified audit opinions	Standard unqualified audit opinions
Suppliers	Quantity of non-conformance events	0	0	0

Information disclosure

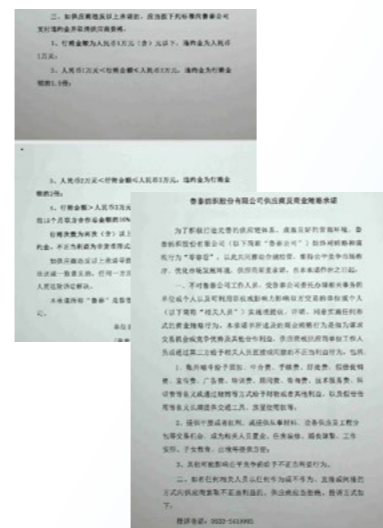
The Company has established and improved the information disclosure mechanism, which received positive feedback from investors:

- ▶ As at the end of 2025, the Company had been rated A for eight consecutive years in the information disclosure assessment on the listed companies on the Mainboard by the Shenzhen Stock Exchange.
- ▶ The Company releases its performance results as well as major and temporary announcements to investors of A- and B- shares via Internet media (cninfo.com) designated by the China Securities Regulatory Commission as well as Securities Times, Shanghai Securities News, China Securities Journal, and Ta Kung Pao.
- ▶ The Company responds in real time to investors' messages and questions via the "Interaction Easy" of the Shenzhen Stock Exchange. In 2025, a total of 166 questions were replied, with a response rate of 100%.

Business ethics

The Company attaches great importance to business ethics and strictly complies with laws and regulations of countries where it operates, as well as the industry recognized code of conduct. It has established a Code of Ethics Control Procedure, and it advocates honesty and trustworthiness, fair competition, anti-corruption, openness and transparency, and reinforces the oversight and guidance of partners' business conduct, committed to creating an honest, fair, clean, and harmonious operating environment.

Anti-corruption and bribery



The Company strictly complies with applicable anti-corruption and anti-bribery laws and regulations in all jurisdictions in which it operates, and continuously strengthens its anti-corruption supervision and oversight mechanisms to ensure compliant and clean operations. In 2025, the Company signed a total of 1,000 Anti-Commercial Bribery Commitment agreements with key suppliers. As of December 31, 2025, no business relationships had been terminated due to supplier violations of these commitments.

The Company conducts audits by relevant policies every year. In the first half of 2025, special audits were conducted covering the sales operations of the Global Marketing Department, the Apparel Marketing Department, and the Brand Promotion Department, as well as product line procurement and outsourced processing activities, and ongoing compliance with AEO (Authorized Economic Operator) certification standards. Audit areas included credit insurance management, handling of excess inventory, sales expense management, procurement vendor selection, price inquiry and comparison, contract performance management, and AEO compliance. In the second half of 2025, internal control evaluations were conducted across Lu Thai Textile and its subsidiaries, covering the Company's major business activities and high-risk areas. No instances of corruption or fraud were identified in any of the above audits.

Code of conduct for employees

The Company continues to strengthen employee behavior management by strictly requiring employees to act in accordance with laws, guiding and supervising employees to abide by rules and regulations, and operating in compliance. Through the promotion of corporate culture, publicity and education of laws, inspection and supervision of employee behaviors and other measures, the Company urges employees to raise awareness of ethical standards, and improve their professional standards, to ensure the implementation of integrity values and ethical behavior, and thereby promote the healthy development of various business.

Complaint reporting mechanism

The Company continuously improves its complaint and whistleblowing mechanism by providing multiple reporting channels, including mail, telephone, email, and in-person reports. Customers, employees, suppliers, business partners, and all individuals with business dealings with the Group are encouraged to report corruption, fraud, violations of company policies, or any suspected illegal activities.

We are committed to strictly protecting whistleblower privacy and prohibit the disclosure of personal information or report details to any third party. Retaliation against whistleblowers is strictly prohibited.

We will complete the investigation and issue a written investigation report within 30 business days, and continue to track the implementation of subsequent follow-up actions. For acts in violation of regulations that disclose information about whistleblowers, the Company will, depending on the severity of the circumstances, impose disciplinary actions such as transfer from the position, salary reduction, and demotion; If the act is suspected of constituting a violation of laws or a crime, it will be transferred to the judicial authorities for handling in accordance with the law.

Information security and privacy protection

Information security

The Company proactively implements a comprehensive range of measures to continuously maintain and improve information data security across five dimensions: computer security, network security, data security, hardware device security, and operational environment security. Through the deployment of firewalls, intrusion prevention systems, vulnerability scanning systems, bastion hosts, and other protective measures, the Company strives to minimize the probability of information security incidents such as data breaches.



The Company has established the Information System Operation Management Process, the Information Security Management Regulations, and the IT Infrastructure Operation Management Process to further enhance data security emergency response mechanisms and procedures. In the event of a suspected data breach, the operations and maintenance team will immediately verify the incident, determine the scope of the breach and the affected systems, promptly report to the leadership taskforce, suspend relevant data access permissions, and simultaneously notify affected users—fulfilling its information notification obligations in strict accordance with applicable laws and regulations.

The operations and maintenance team will conduct security assessments of all affected systems, data, and devices, performing root cause analysis through log investigation and properly preserving relevant evidence. Timely feedback on the outcome of remediation actions will be provided to affected users, and restoration of affected systems and devices will be completed. Security reinforcement and optimization upgrades will be implemented to address identified vulnerabilities and prevent recurrence of similar security incidents.

During the reporting period, the Group did not experience any data breach incidents, nor were there any legal proceedings related to information or data security involving the Group or its employees.



Information security protection measures

Server security

We configured security policies for system firewalls and installed server-side security protection systems.

Computer safety

We deployed antivirus software and endpoint security protection systems in a unified manner. By extracting information from firewall intrusion prevention systems, we identified malicious attacks, trojans, and other threats, and carried out detection and removal of malicious network addresses.

Cybersecurity

We were equipped with security devices and measures such as firewalls, intrusion prevention systems, and internet behavior management.

Hardware equipment

We conducted daily inspections, promptly reported and followed up on identified issues. An environmental monitoring system was in place to monitor in real time the status of UPS power supply, indoor temperature and humidity, lighting, fire protection equipment, fresh air systems, and other physical environmental conditions. We developed emergency response plans and drill schedules, proactively organized emergency drills, and promptly improved issues identified during the process.

Data security

Business data in the data center was backed up across different machines and locations. The operating system adopted virtual machine disaster recovery backup, and equipment adopted geo-redundant active-active deployment and other security measures. Regular recovery verification tests were conducted to ensure data availability, reliability, and recoverability.

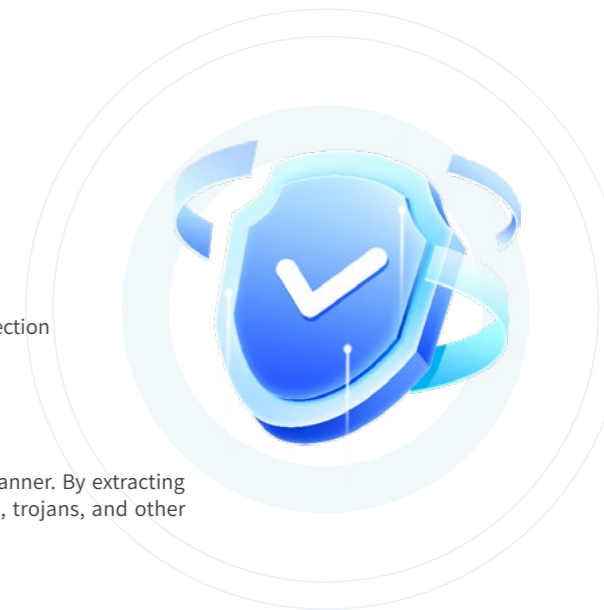


Deploy a bastion host management system to enforce access control and code approval for backend administrators of information systems, while logging and recording the operational behavior of information management personnel in the backend.

The Company regularly provided employees with special information security training and continuously promoted and popularized information security knowledge across the Group, thereby continuously enhancing employees' awareness of information security and privacy protection.

Privacy protection

The Company and its affiliates are required to strictly comply with the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China. Confidentiality agreements must be signed with stakeholders regarding sensitive information. Unless required by laws and regulations or approved by the customer, such information will not be disclosed to any third party in any form.



Products and Services / Building First-Class Products and Services

In the face of a complex and rapidly evolving market environment, the Company gives full play to its marketing leadership role, mobilizing all departments to collaborate efficiently and work in close coordination. Proactively engaging with the market, monitoring market dynamics, and gaining insight into customer needs, the Company conducts targeted R&D and design activities. Guided by its new industrial positioning of “technology, fashion, and green”, and with the goal of becoming “a globalized apparel solutions provider with leading fabrics at its core”, the Company continuously enhances the quality of its products and services.

UN Sustainable Development Goals



« R&D and innovation »

Adhering to the “Four-in-One” innovation philosophy which “lets the enterprise play the major role, adopts the customer-oriented approach, is underpinned by research institutes and universities, and emphasizes the alliance with strategic customers and major suppliers”, the Company has formed a three-level R&D innovation team led by Lu Thai Engineering Technological Institute, focusing on breaking through the professional expertise for production lines, and mainly comprising the quality control teams of the workshops and groups of the plants. By doing so, it has continuously enhanced the internal innovation mechanism, developed the scientific and technological innovation platforms, deepened the industry-university-research cooperation, and laid a solid foundation for the Company's innovation cause.

Investment in technological innovation

By the end of 2025, the Company had undertaken eight national-level scientific research and innovation platforms and five provincial-level platforms. It had received a total of 60 national and provincial-level Science and Technology Progress Awards, including 13 national and provincial-level first prizes, one national first prize for science and technology progress, and three national second prizes for science and technology progress. The Company undertook 20 science and technology projects at the provincial level or above and obtained 578 authorized patents and eight software copyrights. Additionally, it led or participated in the formulation of 84 national and industry standards.

Technology awards

60 national and provincial-level Science and Technology Progress Awards

One First Prize of the National Science and Technology Progress Award

Three Second Prizes of the National Science and Technology Progress Award

13 First Prizes of Provincial and Ministerial Science and Technology Progress Awards

Technology plan

Undertook **20** science and technology projects at the provincial level or above

Technology plan

578 patents granted
Led or participated in the formulation of **84** national and industry standards

Developing scientific and technological R&D platforms

The Company highlights the building and development of scientific and technological innovation platforms, establishing core technology platforms in the major phrases of research, design, and test to improve core technologies in the whole process.

Textile garment research platform

With the help of technological platforms such as the national enterprise technical center, national demonstration base for talent introduction, national yarn-dyed fabric R&D base, Shandong Provincial Engineering Technology Research Center, and Shandong Big Data Industry Innovation Center, Lu Thai Engineering Technological Institute has worked with production lines, for yarn-dyed fabric, knitted fabric, apparel, printing and dyeing, and functional fabric to conduct explorations. It has been dedicated to researching cutting-edge technologies. As a result, they have paved a path based on fabric but transcending traditional fabric in scientific and technological innovation, quality improvement, brand promotion, low-carbon energy conservation, and corporate culture development.

Textile garment design platform

Lu Thai Engineering Technological Institute has capitalized on the design resources of the national industrial design center, the Shandong Provincial industrial design center, an Italian designer's workshop for fabric design, and the enterprise brand design center to build a textile and apparel design platform. The platform has integrated textile and garment trendy design, textile new material design, popular fabrics design and garment brand design, which represents the major backbone of the enterprise's independent brand building and promotes the Company to take leap from creation to creativity.

Textile garment testing and experimental platforms

Lu Thai owns a complete set of testing devices and equipment for textile materials, fabrics, and garments, as well as dyeing and finishing auxiliaries. It is equipped with laboratories that meet international standards, including the constant temperature and humidity laboratory, textile material testing laboratory, fabric and garment laboratory, and chemical analysis and synthesis laboratory. Also, it has an experienced professional testing team that is familiar with domestic and overseas standards. As a result, Lu Thai has made every effort to establish an integrated testing and inspection platform in the textile and apparel industry at home and abroad.

Industry-university-research cooperation

The Company has established deep collaboration with multiple universities and research institutes, spanning foundational talent training to core technology R&D, progressively building a well-rounded collaborative innovation mechanism encompassing industry, academia, and research. As at the end of 2025, the Company established a long-term stable partnership with universities such as Donghua University, Hong Kong Polytechnic University, Jiangnan University, Qingdao University, and Wuhan Textile University. Through R&D cooperation with leading institutes in new technologies, materials, and products, the Company has improved its R&D capability.



The situation of school-enterprise cooperation

Donghua University

Lu Thai and Donghua University jointly established the “Shandong Provincial Key Laboratory for High-End Intelligent Manufacturing of Fibers and Products”. Driven by technology development and innovation, and closely aligned with industry needs and application-oriented goals, the laboratory is dedicated to building a high-level R&D platform with regional radiating influence.

Wuhan Textile University

In 2025, the joint research project between Lu Thai and Wuhan Textile University on “Basalt Fiber Core-Spun Yarn Spinning Technology and Its Universal Applications” was awarded the First Prize of the Science and Technology Progress Award by the China National Textile and Apparel Council.

Qingdao University

The Company signed a strategic collaboration agreement with Qingdao University in 2016 to carry out in-depth cooperation with the university in scientific research, talent cultivation, and social services, thereby contributing to socioeconomic and technological development.

- In terms of scientific research, Qingdao University and the Company have jointly established the “Lu Thai Group--Qingdao University Research Center” and the “National Collaborative Innovation Center of Key Technologies for Textile Industry” to be dedicated to the research of industrial textile and marine biomass fiber.
- In terms of talent cultivation, the Company has set up the “Lu Thai Scholarship” in the university and the “Lu Thai International Talent Reserve Class”. As a result, a number of brilliant students from textile universities have been attracted to Lu Thai and become the backbone of the Company.

Shandong University of Technology

The Company has cooperated with the Shandong University of Technology in establishing the Lu Thai School of Textile and Apparel, thereby promoting organic industry-education integration, collaborative innovation, and integrated industrial-educational development.

- The Company has also worked together with the university to establish laboratories and share research apparatus and platforms, achieving research integration in terms of the scientific program development and project application.
- A team of part-time teachers, including Taishan Scholars, senior experts of the Company, and excellent technological talent, has been built to achieve the integration of teaching resources of the university and the Company.
- The Company has utilized the comprehensive strengths of both sides to introduce more practice and internship channels for students. It donates RMB1 million to the university for collaborative talent cultivation every year. Meanwhile, the “Lu Thai Scholarship” has been set up to encourage students to work hard, achieving “joint talent cultivation” between the university and the Company.

Shandong Vocational College of Science and Technology

In 2022, the Company engaged in strategic discussions with Shandong Vocational College of Science and Technology and signed a strategic cooperation agreement to jointly establish an overseas “Luban Workshop” for the joint cultivation of international talents.

Dezhou University

In 2025, the joint project between Lu Thai and Dezhou University on “Key Technologies and Industrialization of High-Loft Plush Yarn Production Using Silk and Cashmere Color-Spun Blends” received the Second Prize of the 2025 China National Textile and Apparel Council Science and Technology Progress Award.

Key R&D projects

“Development and Application of Green Low-carbon Dyeing and Finishing Processing Technologies” project

In collaboration with textile universities and strategic dyeing and finishing auxiliary partners, the Company has conducted coordinated research and development supported by core technologies including ecological scouring and bleaching, high-efficiency soaping, low-carbon sizing, ecological wet crosslinking, ecological softening, and ecological moisture-wicking finishing. By utilizing natural and regenerated materials alongside new eco-friendly dyes and auxiliaries, the Company has pioneered innovative green low-carbon dyeing and finishing processing technologies, reducing energy consumption and pollutant emissions across the entire dyeing and finishing process and significantly lowering the environmental carbon footprint of manufacturing operations. Through full-chain low-carbon enablement, the project drives the transformation of the textile industry from “scale-driven growth” to “green quality-led development”, contributing to the establishment of a modern industrial system that is resource-conserving and environmentally friendly – and advancing the Company’s contributions to national ecological progress.

“Research and Industrialization of Differentiated Casual Fabric Processing Technologies” project

In collaboration with textile universities and equipment manufacturers, the Company has conducted joint research precisely aligned with contemporary consumers’ demand for natural comfort, environmental sustainability, and conscious fashion. Breaking through the limitations of conventional casual fabric processing, the project delivers end-to-end technical upgrades through natural washing, enzyme impact treatment, and physical shaping processes – producing differentiated casual fabrics that combine natural aesthetic texture, long-lasting comfort, and low-carbon eco-friendly attributes. This initiative injects distinctive style and sustainable value into casual apparel, drives the casual fabric industry toward a “low-pollution, high-value-added, highly competitive” model, and provides a practical example of style innovation combined with ecological responsibility for the high-quality development of the textile industry – demonstrating the Company’s commitment to diversified fabric development and sustainable growth.

Intellectual property rights protection



The Company places great importance on intellectual property (IP) protection, continuously improving its IP protection framework, building a dedicated IP and patent protection team, and establishing trademark management regulations and patent application management procedures. The Company resolutely opposes infringement of trademark rights, patent rights, copyrights, and other forms of intellectual property, and continuously enhances the effectiveness of its IP protection management. In 2025, the Company applied for three government projects at the national, provincial, and ministerial levels, developed 96 new products and new processes, conducted 24 technological improvement projects, obtained 30 authorized patents, and led or participated in the formulation of one national standard and eight industry standards.

Technological research and development

Lu Thai Textile adhered to an open concept for technology R&D and continued to deepen industry-academia-research collaboration. Through parallel efforts in independent R&D and joint research, vigorous development of green and low-carbon technologies, and continuous optimization of clean production models, we comprehensively enhanced our level of green and sustainable development. Over the years, the Company has obtained more than 500 patents, including 27 projects that have received national and provincial-level awards for scientific and technological progress in energy conservation.



In 2025, the Company launched 24 company-level technological research projects and 112 department-level research topics. Company-level technology research projects are primarily focused on addressing bottleneck technologies and building forward-looking technology reserves. Notably, research into casual apparel style design and sewing and processing technologies – established in response to market demand for casualwear products – has achieved significant progress, providing robust technical support for the development and promotion of the Company’s casualwear product lines.

Technological discussions with suppliers

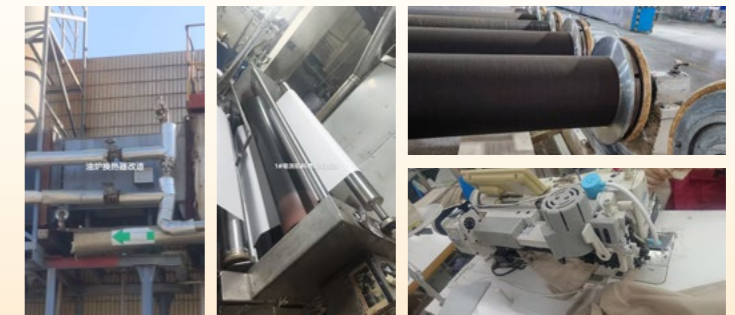
In April, a delegation from Transfar Chemicals’ Textile Chemicals Division visited us to conduct technical exchanges. Chief Engineer Jin Ze provided a detailed introduction to the classic cases of Transfar’s technical solutions, while Dr. Li Lei from Transfar Chemicals delivered a report titled Mechanisms of Fluorine-Free Water Repellency and New Technology Developments.



In May, we conducted technical exchanges with the China region of Archroma. Technical experts from Archroma delivered presentations on topics including Advances in Synthetic Fiber Dyeing, Key Aspects of Fiber Dyeing, and Functional Finishing Technologies, and engaged in discussions with our technical personnel.



In 2025, the Group completed 1,278 technical transformation projects, continuously enhancing the capabilities of production equipment and process technologies to provide a solid foundation for the Company’s diversified production activities.



Product innovation

Over its 38 years of development, the Company has consistently relied on its outstanding capabilities in product development and commercialization to secure market position. Customers are currently placing increasing emphasis on product attributes such as environmental friendliness, casualization, differentiation, and high performance. In line with development trends in the textile industry, we focused on customer needs to advance technological innovation and technological upgrading, continuously carried out product R&D and upgrades and iterations, and provided customers with high-quality products with a high cost-performance ratio that meet market demand.

- **Raw material innovation:** Sustainable exploration, development and cooperation in terms of raw materials; the renewable, degradable, recyclable, and sustainable product series that are featured by the natural fiber and regenerated cellulose fiber series and the bio-based series.
- **Technological Innovation:** In-depth research into processing and manufacturing technologies to progressively achieve green full-process production with reduced water consumption, energy use, and emissions; pursuing excellence and reinforcing the effective support of green and eco-friendly technologies for product quality.
- **Product innovation:** Continuous exploration of innovative full-life-cycle application solutions for textile products, and continuous introduction of new and environmentally-friendly product series that are skin-friendly and comfortable, elastic, easy-to-manage, and good for health to the market by continuous updating multicomponent products, such as natural fiber, regenerated cellulose fiber, and ultra soft texture fiber.

Case Carbon Capture Fiber Fabric

Through the capture of CO₂ from industrial waste gases, followed by liquefaction and purification, green methanol is produced via reaction with H₂. This is subsequently converted into green ethylene glycol (EG), which is then polymerized with PTA to form green PET. Using Lu Thai's proprietary specialized processes, a carbon capture fiber fabric has been developed.

One ton of carbon capture EG captures 1 ton of CO₂

CO₂ capture → CO₂ liquefaction → CO₂ purification +H₂ → Green methanol

One ton of carbon capture DTY captures 364 kg of CO₂

Carbon capture PET +PTA → Green EG

Case Recycled Fiber Fabrics

Using recycled pulp derived from partially or fully post-consumer textile waste, together with FSC-certified wood-sourced materials as raw inputs, regenerated fibers are produced through an improved viscose process. The resulting fibers carry dual RCS and GRS certifications.

Treated with Lu Thai's liquid ammonia and other specialized finishing processes, the resulting fabric offers excellent moisture absorption and breathability, a soft hand feel, good luster and shape retention, and is biodegradable — placing minimal burden on the natural environment. It is an ideal choice for premium shirting fabrics.



Case Rain-Dew Linen Fabric

The traditional method of “using the sky as a factory and dew and rain as craft” endows dew-retted linen with an irreplaceable and distinctive character. Its signature grey-green tones — naturally formed in color and texture — evoke a sense of refined antiquity, cool restraint, and quiet elegance. The vivid “dew spots”, reminiscent of ink-wash brushwork or the imprint of passing time, preserve linen's original rugged and natural grain in its most unaltered form.

With exceptional moisture absorption and breathability, the fabric rapidly wicks perspiration and disperses moisture upon contact with the skin, delivering outstanding ventilation and dryness. The natural fermentation process facilitated by dew and rain yields purer fibers with inherent antibacterial and hypoallergenic properties. This fabric brings a distinctively understated aesthetic to garments and home textiles, making it ideally suited to consumers who embrace individuality and a natural lifestyle — fulfilling their appreciation for unique aesthetics and refined taste.



Case Stacked-Mirror Functional Products

1 Refined on the outside, engineered within

- Dual-material construction: warp-direction cotton combined with a precision-blended weft of cotton and linen, nylon, Coolmax, or other fibers in varying yarn counts;
- Dual-weave structure: a fine high-thread-count plain weave outer layer paired with a weft-double and specialty float inner layer, complemented by a unique garment-wash finishing process;
- The “dual system” together creates a fabric that is smooth and polished on the outside, with structural resilience built in.

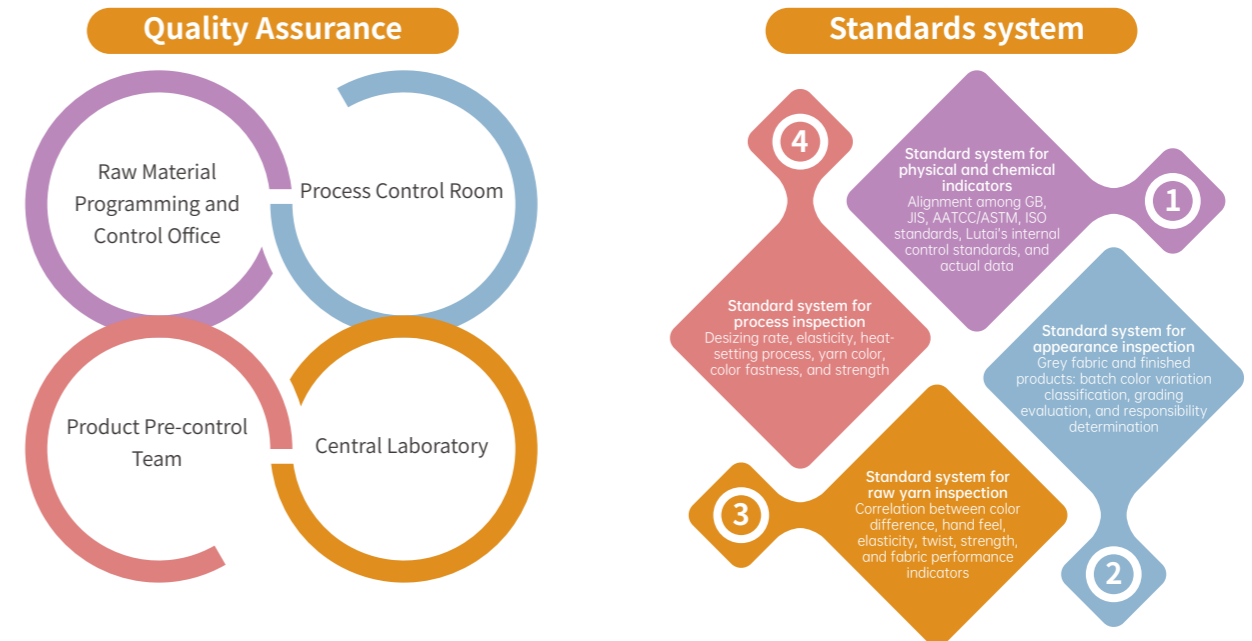


2 Both “courtesy” and “presence”

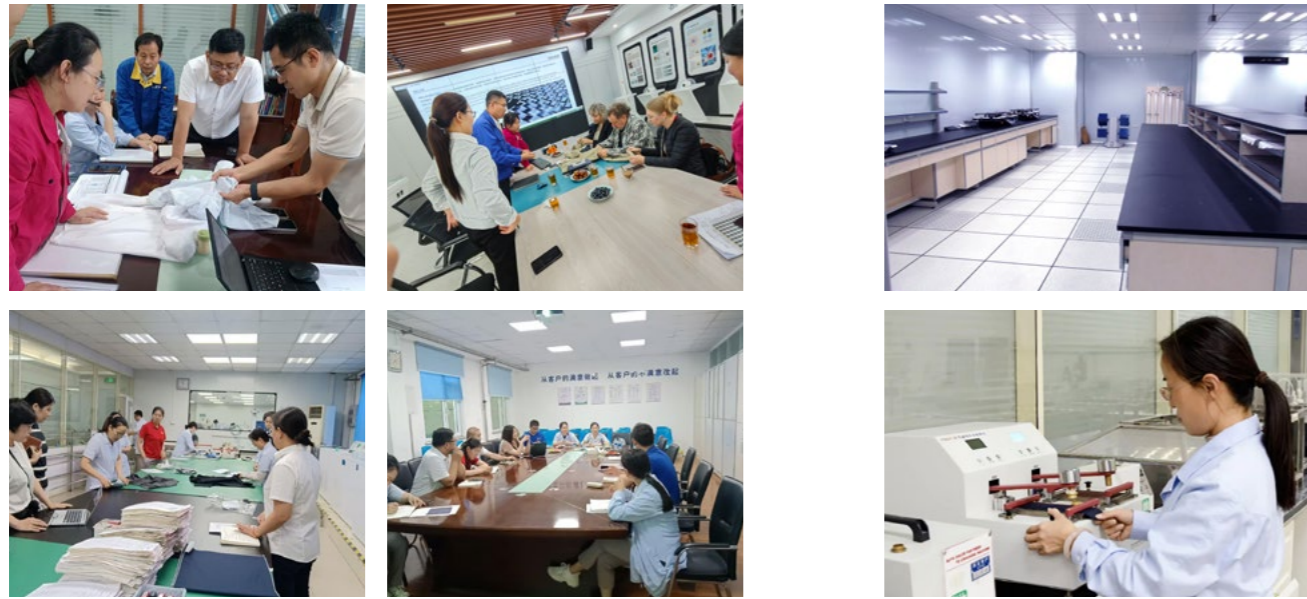
- The smooth, refined outer layer gives the wearer a poised, elegant, and effortlessly stylish appearance;
- The inner layer features raised floats, exceptional softness, subtle texture, and superior comfort — keeping the wearer feeling refreshed and at ease.

Quality control

The Company adheres to the principle of “quality is the most important element of enterprise survival and development”, and continuously strengthens quality control with the purpose of “meeting the needs of customers and the market”. In accordance with GB/T 19001-2016 Quality Management Systems, the Company's Quality Management Department formulates quality indicators, translating customer feedback into quality requirements to precisely control both process quality and result conformity. The quality management assessment mechanism has been improved to incentivize continuous improvements in product quality across workshops.



- The Company holds production meetings every day to address any problems encountered during production.
- The Company strengthens the process compliance inspection on each process, and supervises and manages it through sampling and tracking methods.
- The Company actively communicates with customers and absorbs their valuable feedback on product quality.
- The Company organizes professional training for quality management personnel to continuously improve the quality awareness and ability of all staff.
- The Company has a CNAS laboratory certified by the state, achieving independent testing of some indicators.
- The Company sends 100% of textiles to professional organizations (e.g. ITS, SGS, BV, Keken) for a safety inspection to make certain that these textiles are in line with market laws and regulations, standards and customers' RSL requirements.



Customer Communication and Exchange

Laboratory



The Company invites customers to visit or participate in new product releases or important events to enhance customer relationships. In 2025, the Company hosted 392 customer visits.



The Company regularly organizes exhibitions and product promotion events to help customers gain a better understanding of its high-quality products and services.

In 2025, Lu Thai Textile achieved a 99.99% Grade A storage rate for spun yarn, a 99.22% acceptance rate for yarn-dyed products, a 97.16% first-grade storage rate for knitted products, a 98.07% delivery rate for piece-dyed finished products, a 96.85% delivery rate for functional fabric finished products, and a 99.98% delivery rate for garments.

Production lines	Qualification rate
Yarn	99.99%
Yarn-dyed fabric	99.30%
Knitted fabric	97.47%
Piece-dyed fabric	97.95%
Functional fabric	95.90%
Garments	99.99%

Customer service and maintenance

The Company adheres to a customer-centric approach and comprehensively enhances its customer service capabilities.

Constant care

- The Company communicates with customers through multiple media, such as email, WeChat, and phone, to learn customers' demands and suggestions.
- The Company formulates the standard procedure for handling customer complaints in time, so as to protect the legal rights and interests of customers.
- The Company convenes video conferences with customers to discuss technical issues and problems of quality.
- The Company regularly visits customers to maintain a good relationship. In 2025, a total of 446 customer visits were conducted, covering countries including Japan, the United States, and Bangladesh.



No.	Zone	Item name	Location
1	Americas	Mexico International Fashion and Fabric Trade Show INTERMODA	Guadalajara, Mexico
2		MAGIC SHOW, Las Vegas Apparel and Textile Exhibition, United States	Las Vegas, the United States
3		Argentina International Textile Fabrics Exhibition EMITEX	Buenos Aires, Argentina
4		Functional Fabric Fair, Portland, USA	Portland, the United States
5	Europe	MUNICH FABRIC START, Munich International Trade Fair for Apparel Fabrics and Accessories, Germany	Munich, Germany
6		Première Vision Paris, France	Paris, France
7		New additions: Milano Unica (self-organized exhibition) in Milan, Italy	Milan, Italy
8	Japan	AFF Osaka, Japan	Osaka, Japan
9		Tokyo Fashion Fair FASHION WORLD Spring, Japan	Tokyo, Japan
10		New: Texfuture, Tokyo, Japan	Tokyo, Japan
11	Asia	Bangladesh International Exhibition on Textile Fabrics and Accessories, Yarns, and Textile Machinery DIFS	Dhaka, Bangladesh
12		Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT)	Ho Chi Minh City, Vietnam
13		Indonesia International Textile and Garment Machinery Exhibition (INDO INTERTEX)	Jakarta, Indonesia
14		Preview in Seoul, Korea International Textile Exhibition	Seoul, South Korea
15		VTG Vietnam International Textile and Garment Fabrics and Accessories Exhibition	Ho Chi Minh City, Vietnam
16	Domestic comprehensive	China Import and Export Fair (Canton Fair)	Guangzhou
17		Functional Textiles Shanghai by Performance Days PD	Shanghai
18		Intertextile Shanghai Apparel Fabrics	Shanghai

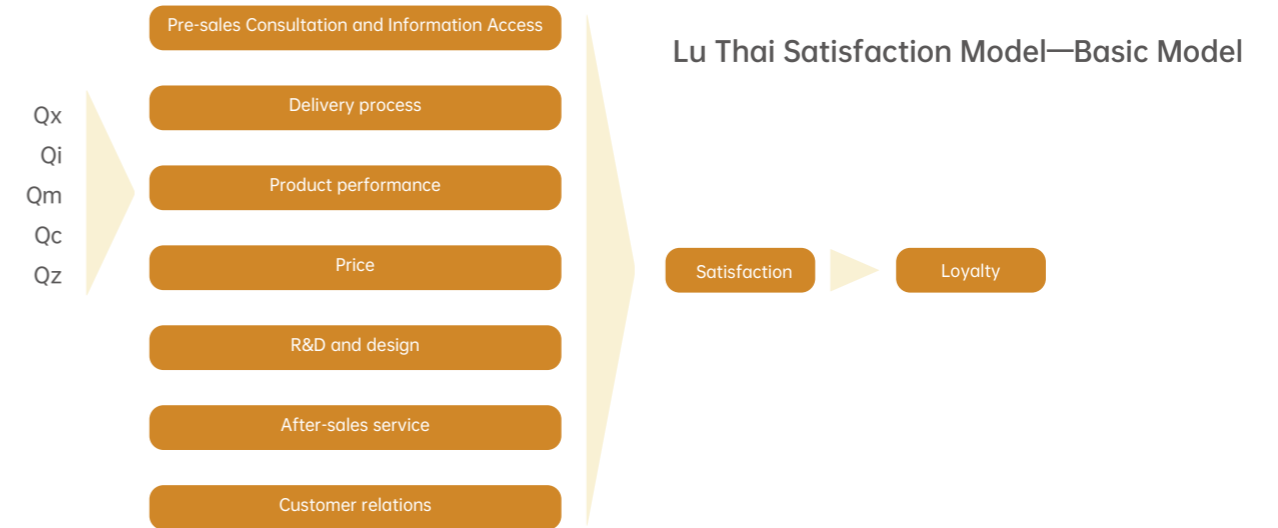
Development Status	Department	2024	2025
Number of potential customers	Global Marketing Department	45	64
	Apparel Marketing Department	24	35
	Lulian Marketing Department	/	13
Order volume	Global Marketing Department	680,000 meters	1.09 million meters
	Apparel Marketing Department	20,600 pieces	36,100 pieces
	Lulian Marketing Department	/	111,200 meters

Customer satisfaction survey and improvements

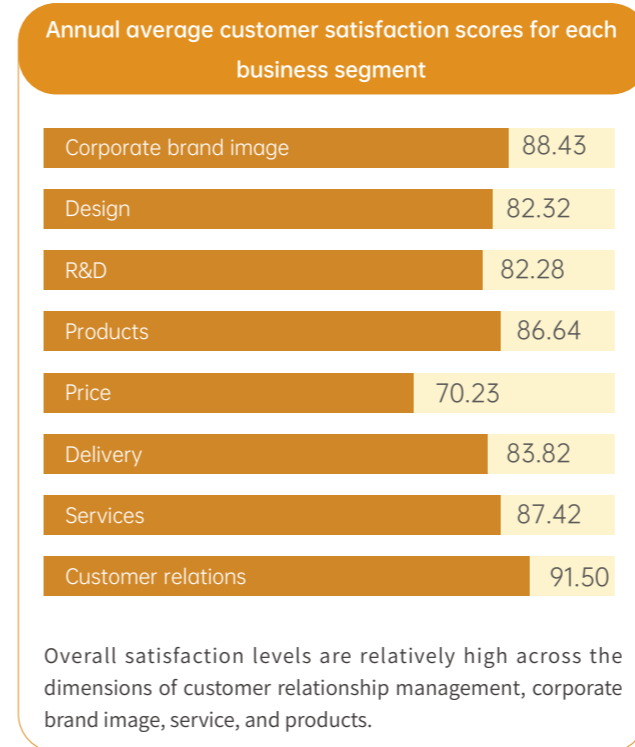
Lu Thai Textile continuously improves and optimizes its customer satisfaction survey every year, including survey methods, questionnaire design, and enhancing the authenticity, rigor, and objectivity of the survey. Based on the survey results, a satisfaction report is generated to analyze the Company's strengths and weaknesses, allowing for targeted improvements to better meet customer expectations.

Customer satisfaction survey for this year:

- Analyze changes in the customer procurement proportion, and interpret customer procurement behavior based on order data.
- Integrate customer feedback with actual business operations, focusing on resolving and implementing solutions to practical issues of concern to key customers.



The total number of customers surveyed for fabric products this year was 253. A total of 220 questionnaires were collected, with a response rate of 87%. The final score was 84.08; The total number of customers surveyed for apparel products was 109. A total of 90 questionnaires were collected, with a response rate of 83%, which was significantly higher than last year. The final score was 78.6.



Production Operations/ Responsible Production Operations

In line with the principles of being responsible to customers, employees, and society, Lu Thai implements the philosophy of “responsible production and operations”, improves safety production mechanisms, enhances chemical safety management, and regulates supplier behaviors with high standards. The Company is committed to providing customers with reliable products and employees with a safe workplace, minimizing societal impact while maintaining sound operations, comprehensively safeguarding the rights and interests of all stakeholders and achieving long-term sustainable development.

UN Sustainable Development Goals



Production safety management

Production safety, involving employees' life safety, is the key to the survival and development of the enterprise. Its responsibilities are weightier than Mount Tai. Lu Thai insists on the principle of "safety first, prevention first and comprehensive management", and implements national, local and industrial policies, laws and regulations and standard requirements. The Company consciously carries out all rules and regulations of production safety and invites relevant stakeholders to supervise their implementation.

Safety management system and institutional development

- The Company continuously improves its standardized production safety system, conducts internal safety standardization reviews, and carries out supervision and inspection of implementation across all facilities.
- The Company has set up a Safety Production Committee and an Accident Emergency Rescue Leading Group around the Safety Inspection Office, with a total number of 68 safety management personnel.
- The Company has established the safety production targets management responsibility system and signed the Responsibility Letter for Safety Production Targets Management at all levels. Besides, the Company has broken down the accident control targets by levels and implemented strict assessments of personnel at all levels to ensure the fulfillment of the safety production control targets.

The Company's Safety Control Targets in 2025

- ◇ Eradicate fire risks and personal casualties
- ◇ Prevent the accidents of major environments and occupational health and safety
- ◇ Eliminate grand electromechanical equipment accidents
- ◇ Avoid traffic accident

The Company has implemented that the safety facilities in construction must be designed, constructed, approved and put into production and use at the same time as the main project to control and prevent safety accidents from the source.

The Company continues to improve the dual prevention system for hierarchical control of production safety risk and investigation and governance of hazards, and persists in risk prevention and early identification. In terms of hierarchical risk control, the Company identifies the risk hazards in operating activities and equipment and facilities in each sector every year, classifies the types and consequences of possible incidents, and determines the hierarchy of control and the corresponding accountable person according to the category. In 2025, the Company identified a total of 291 risk hazards in various production and operating activities. For each risk hazard, the Company has formulated specific risk control measures to prevent and control risks by ways such as standard specification, safety training, distribution of supplies for labor conservation and protection, on-site supervision and inspection, emergency response drills, and timely handling of incidents.

In terms of risk hazard inspections, the Company's Safety Inspection Office carried out various inspections in 2025, including special inspections for dust explosion-proof, diagnosis by invited safety experts, intrinsic safety of equipment, confined space, hazardous chemicals, special inspections of warehouses, general inspections during the holidays, and departmental self-inspections and self-corrections, which identified more than 22,000 safety hazards. During the Reporting Period, all risk hazards were eliminated.



The Company is conducting an on-site safety hazard inspection

In terms of safety training, the Company carried out the training of the first lesson after the Spring Festival, Qingming Festival, Mid-Autumn Festival and National Day, and organized a series of special training in 2025, such as 15 training sessions for new employees, 90 safety training sessions for all employees, six training sessions for special operators, two training sessions from invited external experts, special equipment and safety management personnel training. Moreover, the Company has implemented the government's special action requirements on "deep learning, deep training, wide examination" for safety production, and achieved the normalization of safety training and learning. In addition, the Company has conducted "Safety Production Month" activities with the theme of "everyone values safety and knows how to handle emergencies, and ensures smooth life channels", aiming to prevent and defuse major risks, eliminate potential safety hazards in a timely manner and effectively curb production safety incidents, and finally create a sound environment for safety production. In the whole year of 2025, the Company conducted more than 100 various safety training sessions with over 12,000 trainees.



Various types of safety training



First lesson on resumption of work



Diversified "Safety Production Month" activities

During the "Safety Production Month" campaign in June 2025, the Company conducted a variety of activities such as publicity board design, special training on safety production, inspections on potential safety hazards, award-winning essay contests, and emergency response drills. All employees actively participated in these activities, and their safety awareness was effectively improved.

The Company organized various departments to carry out publicity board design activities with the theme of "everyone values safety and knows how to handle emergencies - identifying safety hazards around us", and created a total of 21 boards.



A total of 280 teams from various departments and subsidiaries participated in the "Inspection, Prevention, and Promotion" safety hazard investigation activity, with 6,000 participants. A total of 3,250 hazards were identified, and 22 outstanding teams were selected.



We carried out the "Everyone Values Safety" presentation campaign. Each factory recommended 52 outstanding presenters, who delivered video presentations on site.



The Company organized the "Emergency Drill Competition", with 13 teams participating. After evaluation by experts from the Zichuan District Emergency Management Bureau and safety inspection personnel, two first prizes, three second prizes, five third prizes, and three participation prizes were awarded.



Safety production emergency management

The Company has established a sound production safety emergency management system and actively carried out emergency response drills to comprehensively improve its capacity for emergency response and accident rescue. For example, it has formulated several response plans such as the Regulations on Emergency Preparedness and Response Management, the Emergency Preparedness and Response for Fire Accidents, the Emergency Preparedness and Response for Hazardous Chemicals Leakage Accidents and the Emergency Preparedness and Response for Natural Gas Leakage Accidents. In 2025, the Company organized each plant to conduct emergency response drills, including 43 special response drills and 306 on-site disposal drills, and carried out a total of 15 "Emergency Rehearsal Training" in the "Safety Production Month" activities. Through various emergency drills, the Company has enhanced the emergency response capabilities of all department employees, improving self-rescue and mutual aid abilities to safeguard lives and property.



The Company is conducting an emergency drill

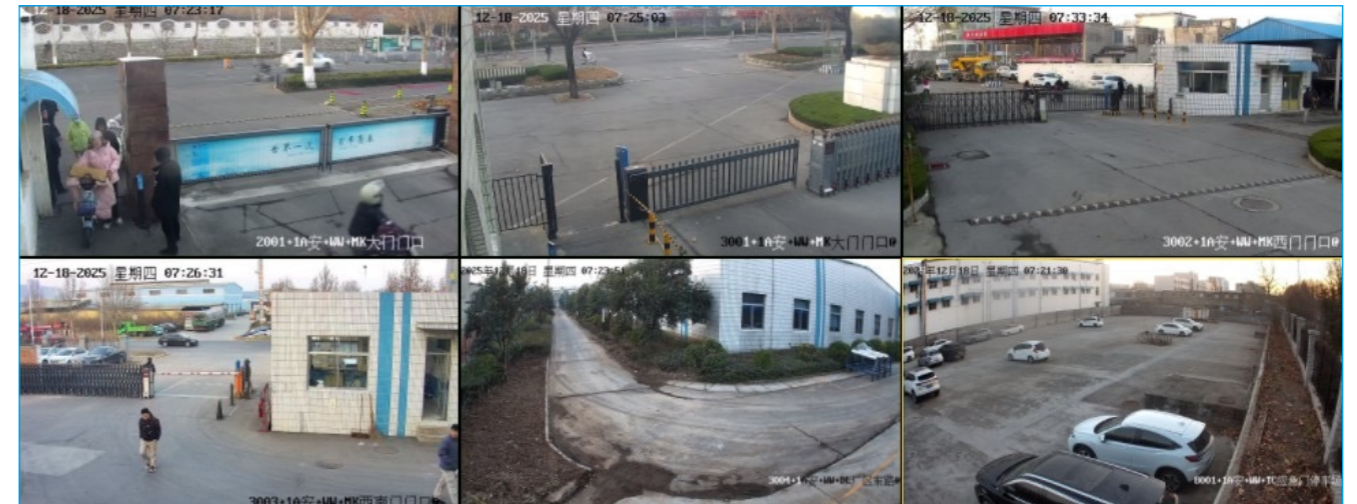
Fire safety management



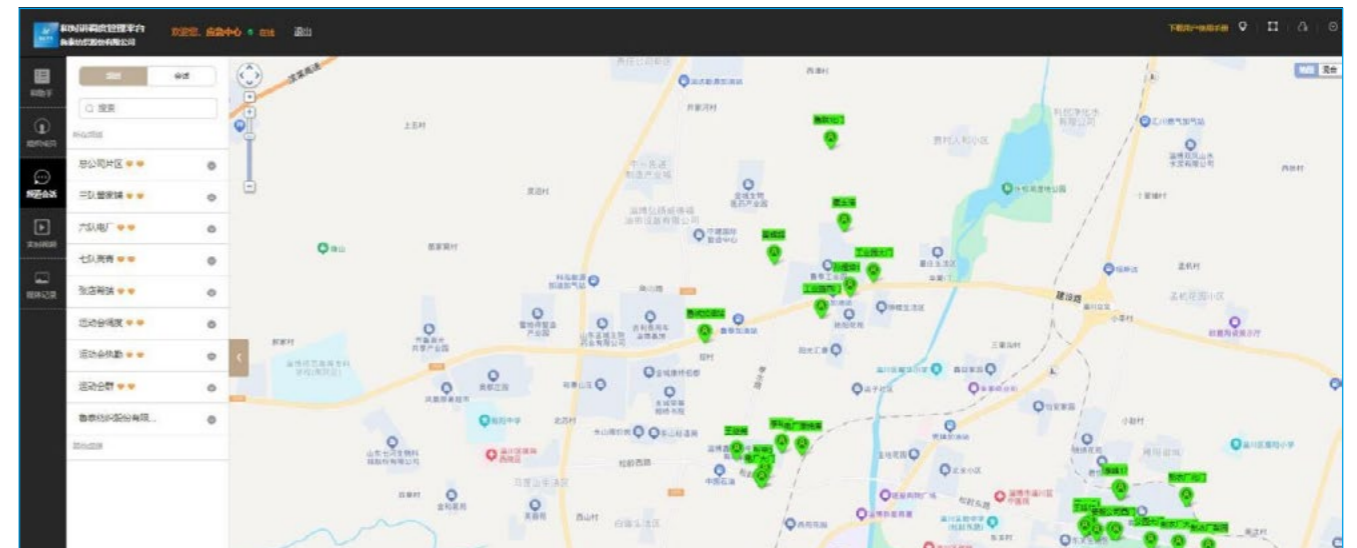
As a key unit of fire safety, the Company implements the working policy of "prevention first with a combination of fire prevention and firefighting", standardizes fire safety management procedures, strictly implements fire safety management regulations to effectively prevent fire accidents and guarantee the implementation of emergency rescue. In addition, these measures minimize property damage and personnel injury caused by fire occurrence and fire rescuing.

The Company's Security Department conducts targeted annual training sessions on fire safety knowledge, fire extinguishing and evacuation drills, training for key and critical areas, and hands-on training for volunteer firefighters on firefighting equipment. These initiatives aim to raise overall fire safety awareness and enhance emergency response capabilities. Each department strictly adheres to the Hot Work Management System, the Fire Inspection System, and the Electrical Safety Management System to establish a solid fire safety firewall.

Luthai, in collaboration with China Mobile, has developed a 5G Smart Shared Management Platform integrating security and firefighting functions. Through various intelligent features such as AI Engine, Security Monitoring, Park Access Control, Smart Firefighting, and Wireless Intercom, the platform creates an information-sharing and intelligent management system for security and fire protection. This enhances three-dimensional safety management, intelligent emergency support, and coordinated emergency response, improving the efficiency of the Company's fire safety and security management. This year, we added 66 sets of gas alarm systems and installed a total of 268 detectors in areas such as factories and canteens, further optimizing our pre-control of fire safety.



Video Monitoring



Wireless Intercom

#	设备名称	位置代码	设备位置	告警类型	告警时间	处理状态	操作
1220	鲁丰二期海地琴柜	23054054		作感器故障	2025-09-26 11:12:08	已处理	处理记
1220	鲁丰二期海地琴柜	13043043		作感器故障	2025-09-26 11:12:07	已处理	处理记
1220	鲁丰二期海地琴柜	23054054		作感器故障	2025-09-26 11:11:54	已处理	处理记
1220	鲁丰二期海地琴柜	23054054		作感器故障	2025-09-26 11:01:19	已处理	处理记
1220	鲁丰二期海地琴柜	23054054		作感器故障	2025-09-26 11:00:51	已处理	处理记

Smart Firefighting


烟雾检测

事件信息

发生时间: 2025/12/31 10:03:03 事件等级: 高

发生区域: 鲁泰集团/【设备】鲁群超脑 上报方式: 设备上报

事件源: 7077LQ77CK+CK五号垛场北向5# 已发生 13天4时41分28秒



AI Engine

Indicators	Completed
Visible fire monitoring	13589.96 (hours)
Fire safety hazard inspection	3,305 (items)
Employee training on critical parts protection	2,091 trainees
Fire extinguishing and evacuation drills	269 sessions
Test on automatic sprinklers system	14,142 (points)
Major fire safety incident	Zero (times)



Fire safety training



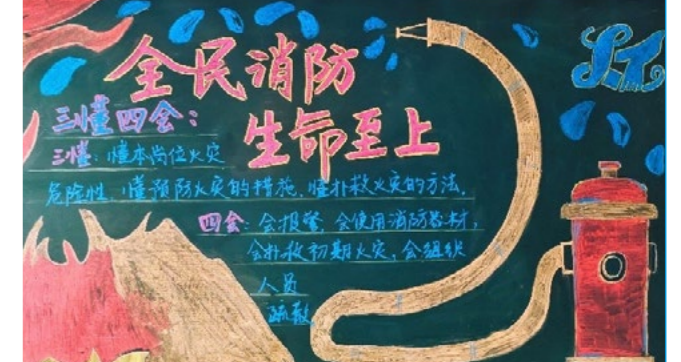
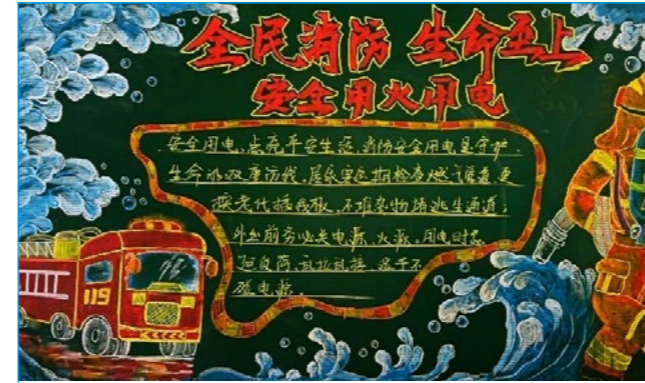
Volunteer firefighter training



Firefighting and evacuation drill



Firefighting and evacuation drill



Fire Safety Bulletin Board



Fire Safety Knowledge Outreach Activities in Work Teams



Fire Safety Cartoon



The Company organizes "119 Fire Safety Publicity Month" activities

Chemical management

Procurement, storage, and usage management

The Company controls the whole process of procurement, transportation, storage, use and disposal of chemicals, especially for the purchase and use of hazardous chemicals. Moreover, the Company has formulated management systems and regulations such as the Safety Management System for Hazardous Chemicals, the Regulations on the Supervision and Inspection of Hazardous Chemicals, the Safety Management System for the Storage, Handling and Use of Liquid Ammonia, and the Regulations on the Supervision and Inspection of Major Hazard Installations of Liquid Ammonia, prompting each operation management to be standardized, detailed and normalized.

- » For precursor chemicals and explosive chemicals, the Company strictly complies with national regulations and reports to the public security authorities in a timely manner. The Company establishes a chemical flow ledger and strictly controls the use to prevent the outflow and illegal use of such chemicals.
- » Chemical suppliers must hold valid business licenses, production permits, and hazardous chemical registration certificates, and must sign an Environmental Compliance Declaration before being approved as qualified suppliers.
- » When each chemical is first purchased in the year, a complete MSDS list should be requested from the supplier and pasted at the chemical usage and storage site.



- » All user departments strictly regulate storage quantities in accordance with the specific properties of each chemical. Comprehensive hazardous chemical safety management systems and emergency response plans are established, with designated personnel assigned responsibility for management.

- » Each factory using chemical products must conduct at least one chemical safety training per year, informing employees of the properties and hazards of chemicals in use, as well as emergency response and self-rescue procedures in the event of spillage or contact with eyes or skin, and supervising employees to ensure compliant storage and handling.
- » Chemical administrators must obtain professional certifications through regular external training.



Restricted substances control

As global attention to environmental protection and product safety continues to grow, green production and eco-friendly products have become an industry-wide development trend. As an internationally oriented manufacturing enterprise, Lu Thai proactively adapts to these evolving requirements by establishing a full-process chemical management and control mechanism.

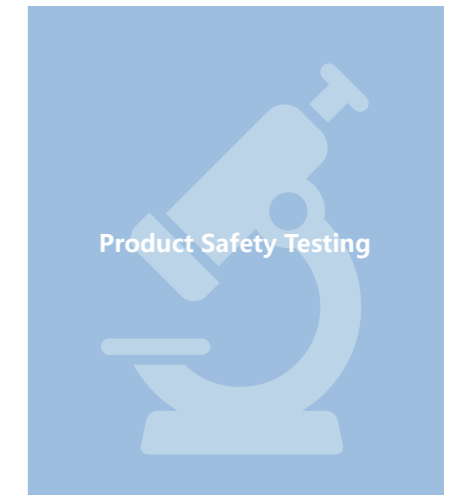
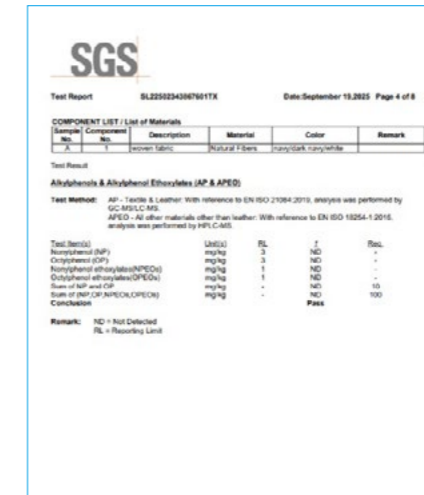
Source control:

In accordance with the requirements of laws and regulations, standards, instructions, and customers' restricted substances list ("MRSL") of each nation and region, the Company has established a chemical approval system and the Manufacturing Restricted Substances List ("MRSL") which is stricter than market regulations/standards. When chemicals for production pass the experiment test, the Company will entrust the third-party testing organization to conduct the test on toxic and harmful chemicals. Only suppliers with test results in conformity with the MRSL are included in the list of qualified suppliers and can then be used for bulk purchase. Meanwhile, the Company strengthens the application of efficient and environment-friendly dyeing auxiliary to eliminate the production of toxic and harmful chemicals from the source.



Production process control:

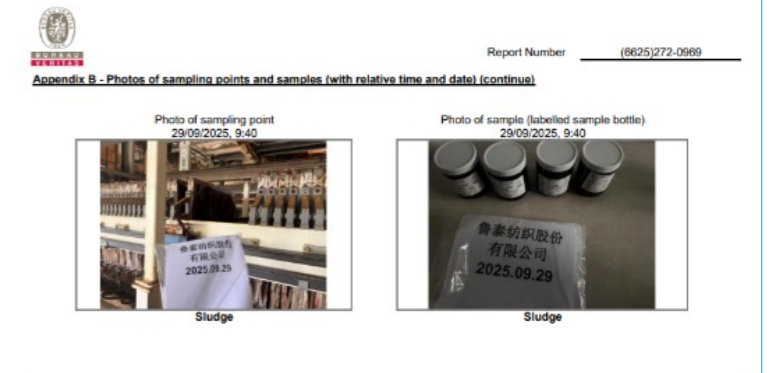
Training programs are organized across all facilities to ensure employees are fully informed about the chemicals in use. Where customers have specific requirements, relevant products are strictly used in accordance with those requirements — for example, using dyes and auxiliaries that meet ZDHC Conformity Level 1 or above. Each batch of finished products shall be sent to a professional third-party testing institution for restricted substances safety testing. Only after passing the test and receiving a certificate of compliance from the Quality Management Department can the products be packed and shipped.



Terminal management:

The Company tests the discharged wastewater and sludge for toxic and harmful chemicals according to the wastewater guidelines of Zero Discharge of Hazardous Chemicals ("ZDHC") twice a year to ensure zero discharge of toxic and harmful chemicals.

LAB REPORT	
Report number	002025-0009
Date of sampling (dd/mm/yyyy)	2025/09/29
Date of report (dd/mm/yyyy)	14/10/2025
Factory company name	Lu Thai Textile Co., Ltd
Factory address	No. 81 Shengping Road, Zichuan District, Zibo City, Shandong Province, China
Discharge type	Industrial Discharge with Pre-treatment
Discharge destination name & address	Zibo Limen Purified Water Co., Ltd
Average total industrial wastewater generated	2.18 m³ per day
On-site ETP / Pre-treatment	Yes
Local legal standard name & number [a]	GB 4287-2012 GB/T 31962-2015
Parameters (ZDHC WWG V2.2, Table 2 & 3)	Not applicable
Wastewater MRSL	Not detected
Wastewater metals	Meet regulatory limit
Wastewater conventional and anions	Not applicable
Sludge disposal pathway	Sludge / Meet disposal pathway



Wastewater and Sludge Testing Report

The Company places great importance on the transparency of chemical information and data. It annually discloses Pollutant Release and Transfer Register (PRTR) data on the ZDHC Gateway and the Institute of Public & Environmental Affairs (IPE). Additionally, twice a year, the Company publishes wastewater DETOX emission data. The Company also maintains active communication and collaboration with suppliers, customers, third-party testing organizations, and non-governmental organizations to continuously improve chemical management standards.

Data Releasing Platform



Luthai Textile Chemical Management

Input management

<p>Selection of new suppliers Daily evaluation of suppliers On-site audit of suppliers Approval/removal of qualified suppliers</p> <ul style="list-style-type: none"> Supplier Quality and Safety Assurance Agreement Declaration of Environmental Conformity of Chemicals Declaration of Environmental Conformity for Raw Materials and Auxiliaries <p>Management of chemical suppliers</p>	<p>Government Non-governmental organizations Customers and brands</p> <p>Understand relevant laws and regulations and documents</p>	<p>Chemicals Textiles Wastewater Sludge</p> <p>Create a list of concerns on harmful substance</p>	<p>Compliance screening of Material Safety Data Sheet ("MSDS") Initial identification of harmful chemicals according to the type of auxiliaries Third-party testing Analysis and tracking of testing data</p> <p>Ways to identify harmful chemicals</p>
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Production process

<p>Safety Management Process of Textile Chemicals Provisions for the Management of Departmental Chemicals Provisions for the Management of Procurement of Sizing Agents, Dyestuffs and Auxiliaries Provisions for the Management of Safety Control for Warehouse Management Department</p> <p>Management of procurement, storage, use and other aspects of chemicals</p>	<p>Tap water Dyeing drainage Warp sizing drainage Organization of drainage</p> <p>Process testing and validation</p>	<p>Substitution of dyeing auxiliary Reduction of dyeing auxiliary Emission reduction Short process...</p> <p>Green technology</p>
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Output-end management

<p>Brand customers Chemicals Water quality Sludge Products</p> <p>Creation of a testing data list</p>	<p>Participation in green activities</p> <p>Participation in green activities</p>	<p>Information disclosure through IPE</p> <p>Information disclosure through IPE</p>
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Luthai reduces the level of pollutants through efficient chemicals management and good process control. Meanwhile, the Company works together with relevant parties such as major brands in the supply chain, suppliers, chemical industry and non-governmental organizations to reduce the impacts on the environment.

Supply chain management

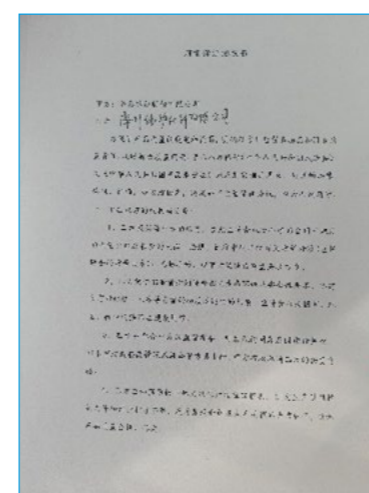
Through a new generation of integrated and collaborative platform (ERP system) based on Internet services and technical architecture, the Company has realized the information flow in the whole process from supplier access to purchase warehousing. This has ensured the information flow in all processes of the supply chain, improved the efficiency of raw material supply, and made the purchase process more standardized and transparent.

Supplier management

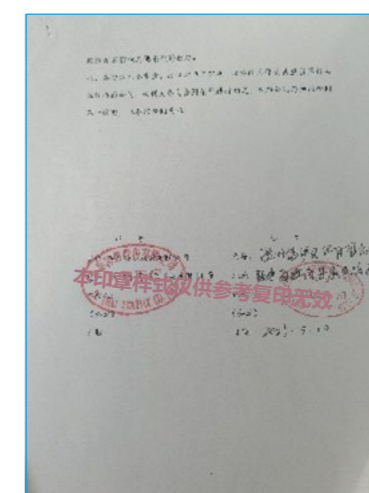
Supplier onboarding

When selecting suppliers, the candidates are required to possess relevant product qualification certification and have manufactured same or similar products for at least one year with a certain production scale. Priority will be given to suppliers who have obtained authoritative certifications such as the ISO9001 Quality Management System Certification, the ISO14001 Environmental Management System Certification, the ISO45001 Occupational Health and Safety Management System Certification, the SA8000 Social Responsibility Management System Certification, and the Green Factory Certification.

Before approval, on-site audits are conducted for suppliers to assess whether their production, quality control processes, and social responsibility performance comply with relevant certification standards. Only after product use and testing meet requirements can they be listed as approved suppliers. Prior to procurement and usage, suppliers are required to sign documents such as the Quality Agreement, the Supplier Code of Conduct, and the Environmental Compliance Declaration to protect the Company's legal rights and interests.

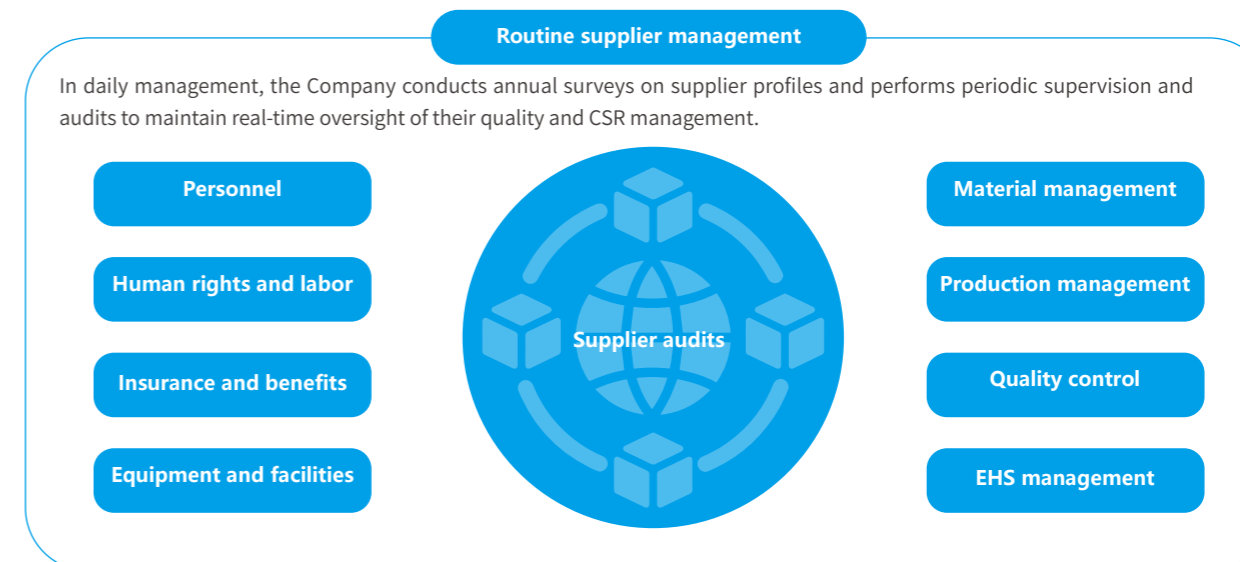


Quality Agreement

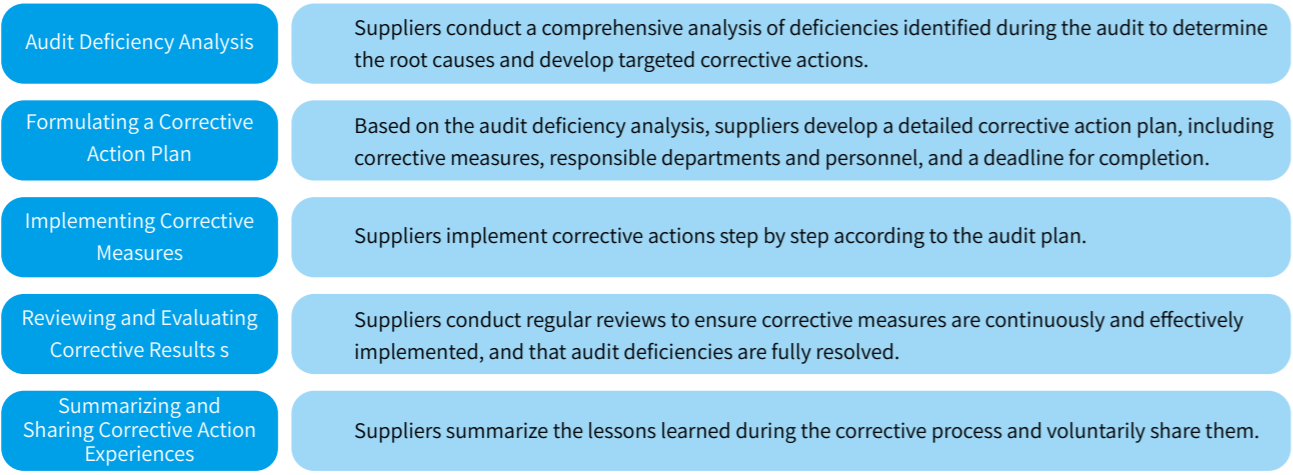
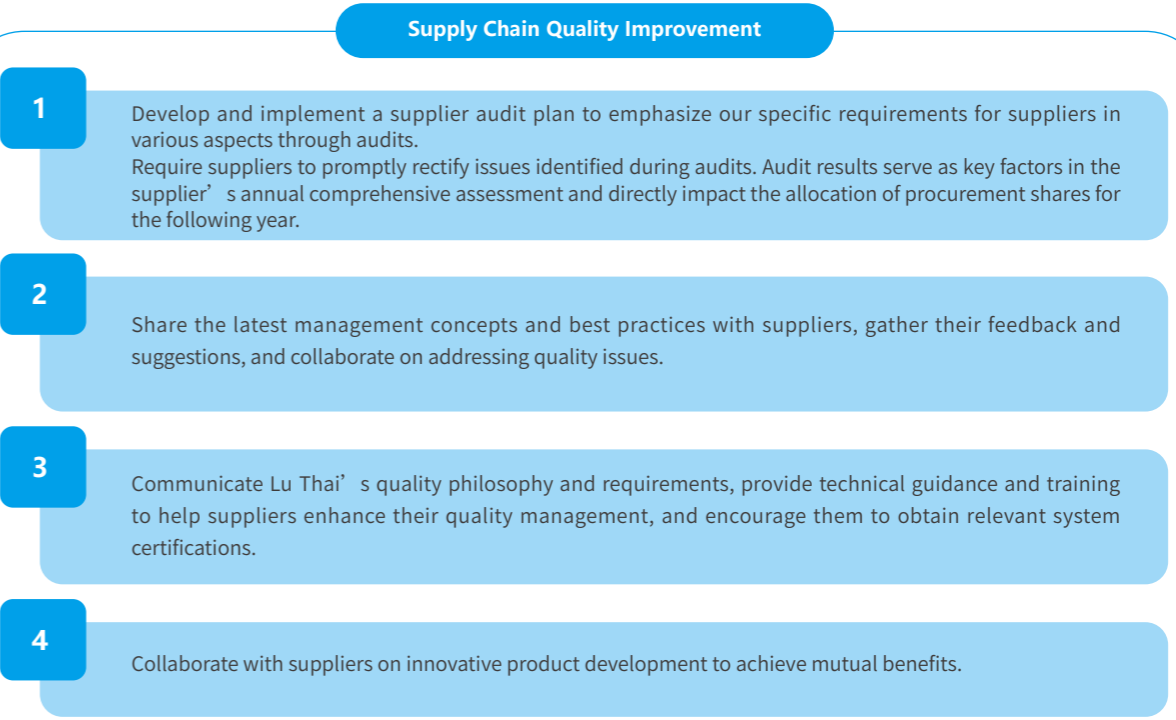


Environmental Compliance Declaration

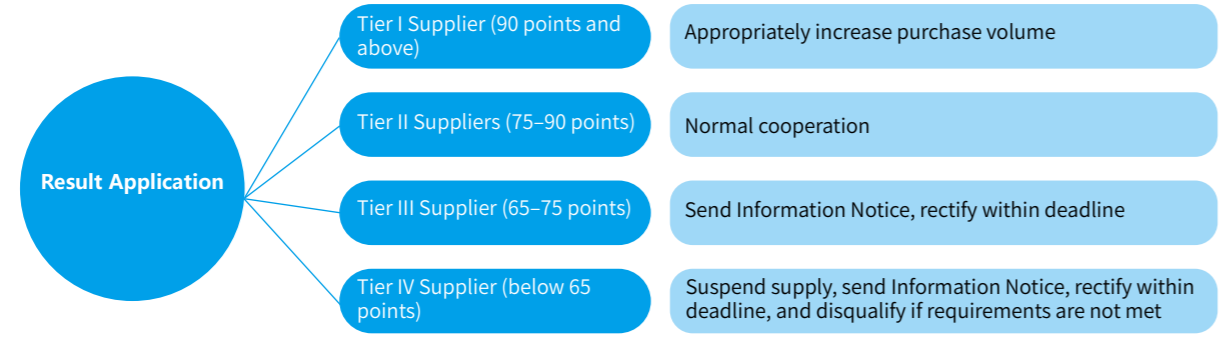
Our current suppliers of raw materials, auxiliary materials, ingredients, and other items include large, medium, and small enterprises. We treat all suppliers impartially and equally, achieving mutual benefit and win-win outcomes, and pursuing common development.



In 2025, a total of 55 suppliers were audited, of which 54 passed and one failed. The annual supplier audit plan was fully completed. For issues identified during the audits, we supervise suppliers to carry out corrective actions following the process below, with continuous follow-up to ensure implementation.

The Company also conducts semi-annual and annual supplier assessments according to different raw material suppliers, and classifies suppliers based on the assessment results.



Procurement management

In terms of procurement, whether to invite bids is determined based on different materials and the annual procurement amount. If bidding is required, the Bidding Office will conduct publication and assessment to select winning bidders. The Procurement Department drafts contracts based on the bidding documents and the bid documents of the winning bidder, and conducts subsequent procurement after being reviewed by the Legal Affairs Department and approved by the President. For those that do not require bidding, the Procurement Department selects suppliers from the List of Qualified Suppliers, conducts price inquiries and comparisons, confirms purchasers, and proceeds with subsequent procurement work.

For dyeing aids, raw cotton, and yarn, we prioritize products certified by Bluesign, GOTS/OCS, and GRS. We continue to promote the use of recycled polyester, recycled nylon, and recycled cotton to improve resource utilization.

Procured materials are subject to full inspection or random sampling inspection based on category, ensuring that non-conforming inputs are controlled at the source.

原料质量检测报告			
Test Report Of Material Quality			
检验单号	202512050001	检验次数	1
质量名称	化纤类-涤纶1.20X38mm		
原料代码	2025120100001	本厂编号	251127-2
产地	江苏		
加工方式	涤纶1.20*38mm		
原料名称	2300100014		
计量单位	千克	批次	251127-2
存放地点	总公司国产材料仓库		
件数	96.0	抽检件数	9
报检数量	30168.20	公差量	30100
供应商名称	青岛康泰化纤有限公司		
检测项目名称	标准值	标准范围	检测值
比电阻 (E+06 欧姆)	1	1.00 - 1000.00	52.46
超长纤维率(%)	0.5	<= 0.50	-
超长纤维含量(mg/100G)	2	<= 2.00	-
含油率(%)	0.2	0.10 - 0.30	0.2
卷曲个数	17	14.00 - 20.00	14.4
卷曲率	15	10.00 - 20.00	16.1
荧光程度	0	-	-
长度(mm)	38	36.90 - 39.10	37.65
细度(D)	1.2	1.16 - 1.24	1.22
强度(CN-D)	5.7	>= 7.0	6.41
伸长率(%)	23	16.00 - 30.00	23.14
回潮率(%)	0	<= 1.00	0.7
品质判定	合格	检验日期	2025/12/05 09:36

Raw Material Inspection Report

Warehouse management

The Company maintains dedicated warehouses for raw cotton, yarn, chemicals, and other materials, implementing classified storage management for all categories of materials and strictly adhering to relevant regulations as well as the appropriate environmental conditions and temperature requirements for each raw material.



Each batch of incoming materials undergoes an appearance inspection and internal quality sampling test before being accepted into storage. A material inventory ledger is maintained, and material requisition follows a “receipt-based requisition” system. The material flow and stock levels can be monitored in real-time through the inventory management system.

Internal control

The internal control evaluation is carried out by the Audit Department of the Company every year, so as to timely identify the loopholes and risks in the supplier management procedure, which lays a solid foundation for the building of a responsible supply chain.

The main contents of internal control evaluation include:

Whether a reasonable supplier evaluation and access system is established to examine the authenticity and legitimacy of the suppliers' qualification and reputation.

Whether the suppliers are selected according to the principle of fair and just competition, and the quality assurance agreement is signed with the suppliers on the basis of effectively preventing the risk of fraud.

Whether the supplier management system and supplier elimination system are set up, so as to conduct real-time management, assessment and evaluation on the quality, price, delivery timeliness, supply conditions, qualification and reputation, operating status of materials or services provided by suppliers, and to make reasonable selection and adjustments to suppliers based on the assessment results.



Energy Conservation and Environmental Protection/Advancing Green and Low-Carbon Development

With the development of the economy and the advancement of technology, global issues such as resource scarcity and climate change have become increasingly urgent. Promoting green and low-carbon development has become a consensus and joint action for countries around the world to address resource and environmental issues and promote sustainable development. As a green pioneer and initiator of the Green Manufacturing Alliance in the global textile industry, Lu Thai has always adhered to the sustainable development path of “green, low-carbon, and environmentally friendly”, followed the economic growth model of “resources - products - renewable resources”, and insisted on the operating principles of “reduction, reuse, and recycling”. Based on low-carbon and environmentally-friendly raw materials, the Company has promoted the upgrades of equipment in terms of energy conservation and environmentally friendly, and achieved the research and application of green processes, assisting in building a globally beneficial supply chain ecosystem that supports the sustainable development of human society.

UN Sustainable Development Goals



Environmental management indicators achievement

Lu Thai Environmental Management Achievements in 2025

Data related to wastewater and sewage

Indicator (Unit)	2020	2025	Reduction Compared to the Baseline Year
COD (Chemical Oxygen Demand) in discharged wastewater (ton)	349	243	30.37%
Ammonia nitrogen content in discharged wastewater (ton)	9	2	77.78%
Industrial wastewater discharge (10,000 cubic meters)	305	261	14.43%

Air pollutant emissions

Indicator (Unit)	2020	2025	Reduction Compared to the Baseline Year
Sulfur dioxide in emitted exhaust gas (ton)	0.5	0	100%
Nitrogen oxides in emitted exhaust gas (ton)	4.5	1.65	63.33%

Waste discharge

Indicator (Unit)	2020	2025	Reduction Compared to the Baseline Year
Hazardous waste generation (ton)	51	41	19.61%
Non-hazardous waste generation (sludge) (ton)	14,552	12,115	16.75%

Energy consumption density

Indicator (Unit)	2020	2025	Reduction Compared to the Baseline Year
Greenhouse gas emissions intensity (tCO ₂ e/million revenue)	105.8	49.2	53.50%
Total energy emission density (tons of standard coal per million revenue)	17.5	12.84	26.63%

Note: The baseline year for the above data is 2020.



Addressing climate change

Climate change is not only an environmental issue, but also a development issue. As a global textile enterprise, Lu Thai actively regards addressing climate change as an important action for sustainable development, vigorously promoting energy conservation and carbon reduction in production and operation, and contributing to global climate governance.

Risk analysis and response measures

The Shared Socioeconomic Pathways (SSPs) are a powerful tool introduced by the Intergovernmental Panel on Climate Change (IPCC) in 2010 to describe global socioeconomic development scenarios. SSPs were developed based on Representative Concentration Pathways (RCPs) and are used to quantitatively describe the relationship between climate change and socioeconomic development pathways, reflecting the adaptation and mitigation challenges that future societies may face in response to climate change.

The SSP2 pathway is the most aligned with China's current development status. The Group's scenario analysis includes an optimistic climate change scenario, where warming remains below 2°C—SSP 1-2.6 (with a projected 1.8°C increase by 2100 compared to pre-industrial levels), as well as a pessimistic climate change scenario, where warming exceeds 4°C—SSP 5-8.5 (with a projected 4.5°C increase by 2100 compared to pre-industrial levels).

Impact analysis of risks and response measures

Based on our preliminary assessment of risk factors and consideration of the impacts of a low-emission scenario (1.8°C) on carbon pricing, renewable energy generation, and other transitional climate effects, as well as the impacts of a high-emission scenario (4.5°C) on physical risk factors, we have selected the following climate-related risk factors for further analysis and have outlined the corresponding response measures.

Risk Type	Risk Name	Risk Description	Risk Impact	Responses
Immediate risks	Extreme weather (typhoons, floods, heavy rain)	<p>The Group's production bases are located in the East China region, where extreme weather events caused by climate change include but are not limited to typhoons, heavy rainfall, droughts, and floods. Under a global 1.5 ° C warming scenario, the frequency of once-in-20-years heavy precipitation events is expected to increase by 10%, while the frequency of once-in-100-years heavy precipitation events is expected to increase by 20%. Under a 2 ° C warming scenario, the frequency of once-in-20-years heavy precipitation events is projected to increase by 22%, and the frequency of once-in-100-years heavy precipitation events is expected to rise by more than 45%.</p>	<p>Natural disasters such as heavy rainfall, floods, and severe typhoons may have lasting effects on the Group. During extreme weather events, the transportation of raw materials and products may be disrupted, employee commuting may become difficult, and risks such as power outages, water supply interruptions, and steam supply disruptions may arise. For example, typhoons may lead to production halts and property damage. Additionally, during the rainy season, red rainstorm warnings may result in obstructed material transportation, difficulties in employee commuting, damage to company buildings and equipment, affecting production schedules and increasing facility maintenance costs.</p>	<ul style="list-style-type: none"> • Formulate Emergency Response Plan for Work Safety Incidents to establish an emergency command system, set up an emergency office, and clarify emergency personnel and responsibilities to achieve a rapid response to extreme weather. The Emergency Command Team is responsible for command operations and works with the production department to organize personnel for safety inspections of key facilities and equipment, while the logistics department ensures material support. • Before extreme weather: Monitor weather changes closely, conduct safety inspections, and rectify hazards promptly. Prepare protective devices and emergency equipment in advance, ensure readiness of emergency teams and power supply, plan employee commuting arrangements, material and product transportation, and schedule production and shipments in advance. • During extreme weather: Reduce production on typhoon/heavy rainfall days, halt outdoor operations, suspend work as needed, assign personnel to monitor weather conditions in real-time, prioritize employee safety, and ensure emergency supplies are adequate. • After extreme weather: Conduct damage assessments immediately, draw lessons from the event, minimize losses, and accelerate production recovery. • Strengthen fixed asset management: Conduct regular inspections and maintenance of production equipment and facilities, purchase property insurance for assets in high-risk areas, and implement additional protective measures to reduce losses from uncontrollable risks. • Regularly analyze supplier risks, develop stocking strategies for key raw materials, optimize transportation methods and routes for critical raw materials, and enhance supplier relationships to ensure supply chain stability. • Utilize a purified water system to ensure the safety of production water and conduct regular quality testing for domestic and drinking water.
	(Heatwaves, cold waves)	<p>A cold wave occurs when cold air causes a local temperature drop of more than 8 ° C within 24 hours, with the daily minimum temperature falling below 4 ° C. A heatwave is defined as a period of three or more consecutive days with maximum daily temperatures reaching or exceeding 35 ° C. Due to human activities, the probability of cold waves has decreased to some extent, but their intensity has shown an increasing trend. Cold waves may cause sharp temperature drops, strong winds, rain, snow, and freezing conditions, affecting the Group's raw material production, logistics, and power operations. At the same time, heatwaves and compound extreme events (such as heavy precipitation followed by heatwaves) are becoming more frequent and intense under global warming. The increased electricity demand for residential cooling during heatwaves may result in industrial electricity restrictions for businesses during certain periods.</p>	<p>Under extreme heat conditions, the Group may need to enhance ventilation and cooling in production plants and offices, leading to increased energy consumption and operational costs. Additionally, electricity demand surges may cause power transmission disruptions, affecting normal production. Under extreme cold conditions, the Group may need to increase heating in production facilities and offices, resulting in higher energy consumption and operational costs. Frozen roads due to cold weather may disrupt material transportation, leading to insufficient raw material supply and direct production delays or shutdowns. Dry weather conditions may increase the risk of fires, explosions, leaks, and poisoning incidents. Extremely low temperatures may cause equipment failures, leading to property damage and higher facility maintenance costs. Furthermore, cold waves and heatwaves may increase the prevalence and severity of cardiovascular diseases, malaria, and heatstroke, posing health risks to employees.</p>	<ul style="list-style-type: none"> • Prepare peak-load shifting electricity usage plans and work arrangements in advance during peak electricity demand periods. • Develop backup energy solutions and pre-establish energy emergency response plans. • Schedule hazardous materials shipments in summer for early morning or late afternoon to avoid high-temperature periods and reduce fire risks. • Regularly assess supplier risks, develop stocking strategies for key raw materials, and strengthen supplier relationships. • Implement preventive measures, provide comprehensive protective equipment, and strengthen warning and reminder signage; conduct specialized inspections of boilers, steam systems, and other equipment on a regular basis; carry out regular inspections of slipping-prone areas in facilities such as stairways, ramps, and passageways. • Develop emergency response plans to prevent fires, explosions, leaks, and poisoning incidents. • Ensure factory buildings and fire protection facilities are insulated to prevent equipment damage from freezing. • Enhance winter safety training to ensure operational safety; strengthen safety inspections of employee dormitories. • Prepare heatstroke prevention and cooling supplies in summer and minimize outdoor work. • Include high-temperature emergency response training in employee programs and conduct drills for heatstroke and other heat-related illnesses. • Continuously monitor employee health and conduct regular medical check-ups.

Risk Type	Risk Name	Risk Description	Risk Impact	Responses
Long-term risks	Water scarcity	The Group's production process requires large amounts of water, which is used in dyeing and finishing, printing, and equipment cleaning. As global water scarcity worsens, particularly in drought-prone and water-stressed regions, water shortages pose an increasing risk to the stability of textile production and cost management.	The Group's water sources are municipal tap water. Water shortages may force reductions in production capacity, temporary shutdowns, or the adoption of additional water management measures such as water recycling and water-saving technologies. This may lead to higher production costs or lower operating revenue.	<ul style="list-style-type: none"> • Set reasonable water conservation targets and implement improvement measures. • Establish water conservation goals, reduce freshwater consumption, and increase wastewater reuse. • Develop a comprehensive water resource management system and assessment framework.
	Rising average temperature	According to the China Meteorological Administration's Global Surface Temperature Dataset Analysis, global warming has continued since 2015, with records for the hottest year on record being repeatedly broken. The rise in average temperature due to global climate change may bring multiple challenges to textile enterprises, including production activities, raw material supply, product quality control, and employee health and safety. Temperature changes may impact fabric and apparel production processes, storage conditions, and supply chains.	Temperature variations may affect the stability of certain chemical reagents, requiring adjustments to production parameters or additional temperature control measures, thereby increasing production costs. Rising temperatures necessitate enhanced ventilation and cooling in production plants and offices, leading to higher energy consumption and operational costs. Additionally, increased temperatures may raise the likelihood of heat-related illnesses such as heatstroke, reducing workforce productivity.	<ul style="list-style-type: none"> • Implement energy-saving renovations for air conditioning and ventilation systems in production facilities and offices to improve energy efficiency. • Provide adequate heat protection materials for employees in summer and conduct annual health check-ups. • Include high-temperature response training in employee programs and conduct emergency drills for heatstroke and other heat-related illnesses. • Avoid outdoor work during midday high-temperature periods to ensure safe production. • Plan peak-load shifting electricity usage in advance.
Policy & regulatory risks	Increase in carbon emission pricing	Carbon emission rights refer to the legal right of enterprises to emit greenhouse gases, with each company being allocated a certain quota by the government. Although the Group is not currently covered under China's national carbon emissions trading system, in a low-emission scenario, if the country continues to implement stricter emission reduction policies and introduces carbon trading policies for the textile industry, the Group may be included in the carbon quota trading market. As a result, the Group's production facilities may need to adopt more aggressive emission reduction measures or participate in carbon trading to ensure compliance with greenhouse gas emission regulations.	As carbon emission pricing rises, the Group's carbon trading expenditures may continue to increase, impacting its financial performance. Moreover, higher carbon pricing significantly affects the power and chemical industries, potentially leading to rising energy prices or raw material shortages, which would indirectly increase the Group's operating costs.	<ul style="list-style-type: none"> • Establish a greenhouse gas emission management framework, set energy-saving and carbon reduction targets, and gradually reduce carbon emissions intensity and total emissions. Establish an energy conservation and emissions reduction taskforce to conduct multi-dimensional self-assessments and continuously optimize emissions reduction efforts. Additionally, require department and workshop managers to identify high-power equipment and major pollution sources, document findings for further analysis and improvement to ensure that, beyond meeting the Group's emission reduction targets, emissions are further minimized. • Strengthen energy conservation and emissions reduction management across all production and operations: including reviewing energy-consuming equipment and energy use, replacing high-energy-consuming equipment with energy-efficient alternatives, upgrading high-energy equipment, and optimizing production equipment to improve energy efficiency and reduce greenhouse gas emissions. • Promote resource recycling by installing recovery systems (e.g., reclaimed water reuse, ammonia recovery, alkali recycling). • Improve energy structure by increasing the use of clean and renewable energy (e.g., expanding photovoltaic power generation projects) and reducing reliance on traditional fossil fuels. • Enhance training and awareness programs to improve employee energy-saving awareness and operational efficiency, preventing unnecessary energy waste. • Strengthen energy management and control, and strengthen assessments of energy use in production workshops. • Improve production technology to enhance first-pass product acceptance rate, thereby reducing raw material and energy consumption per unit product. • Adopt green operations by promoting paperless offices to reduce greenhouse gas emissions from business activities.

Low-carbon practices

Photovoltaic power generation projects

As of 2025, the Company's installed solar photovoltaic power generation facilities have supplied a total of 72.59 MW grid-connected electricity, accounting for **16%** of the annual electricity consumption within the total installation scope, reducing carbon dioxide emissions by approximately **100,000 tons**.



Photovoltaic power generation across all industrial parks

Resources management

Lu Thai integrates sustainable development principles into the entire production and operational process, continuously strengthening resource management and adhering to green development concepts. We strictly comply with the Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China, and the Law of the People's Republic of China on the Promotion of Clean Production, among other relevant laws and regulations, and have established an energy management system.

The Company has formulated the General Resource Utilization Management Process and the Environmental Operation Management Regulations as the Group-wide guidelines for resource utilization management, which all entities within the Group must strictly follow. Additionally, each company has developed and implemented its own Resource Management System and Energy Conservation and Emission Reduction Management System in accordance with its specific operational conditions. These systems facilitate standardized and systematic resource utilization management, significantly enhancing resource efficiency.

The Company also sets annual water conservation and energy use targets. By improving management practices and upgrading technologies, we continuously optimize resource utilization methods, conduct regular audits of resource consumption, and enhance overall resource efficiency to ensure the achievement of sustainability goals.

Risk analysis and response measures

Risk Description	Risk Level	Responses	Assessment of Risks and Opportunities
Impact of power supply on production and operations	Low risk	Overhaul the park's power distribution facilities annually. Conduct preventive tests on transformers, lightning arresters, and circuit breakers every three years. Carry out routine temperature monitoring of power cable knife switches to ensure a stable power supply.	Effective
Impact of water supply on production and operations	Low risk	Strengthen patrol inspections of water pipelines. Test water quality daily. Promptly repair pipeline leak points.	Effective
Impact of steam supply on production and operations	Low risk	Strengthen routine inspections and patrol checks of steam pipelines. Promptly repair any leaks, seepage, dripping, or spillage identified in the pipelines.	Effective

Energy management

Optimization and renovation of the power system and steam pipeline network

Guided by the dual-carbon strategy, the Company has advanced load balancing in its power systems, optimization and upgrading of steam pipeline networks, and integrated optimization of energy systems—achieving significant results in energy conservation and carbon reduction. In 2025, total carbon emissions decreased by 2.47% year-on-year. The Company's overall energy management is driven by technological innovation and management upgrades; on the foundation of ensuring a secure and stable energy supply, this work establishes a solid basis for the Company's green and low-carbon transition.



In response to changes in the energy structure across product lines, the Company has optimized its energy supply systems, consolidated equipment and facilities, and achieved precise alignment between existing production capacity and energy demand — ensuring efficient energy utilization. The ongoing optimization and upgrading of steam pipeline networks has effectively advanced waste heat recovery, enabling annual steam savings of approximately 3,000 tons.

Development of an intelligent energy operations and maintenance platform

The platform is an intelligent energy management system and data center built to the ISO/IEC/IEEE 18880 standard. It provides services including data storage, real-time monitoring, visualization management, data analytics, risk control, and energy efficiency analysis. By enabling real-time monitoring of equipment operating status, the platform fully replaces manual inspection rounds, provides accurate operations and maintenance recommendations, reduces repetitive routine maintenance workloads, can deliver maintenance cost savings of up to 15%, and delivers significant safety benefits.

Oil furnace flue gas heat exchange project

The Company's Safety and Environmental Equipment Division conducted a water-heat balance analysis and, leveraging existing flue gas waste heat resources, installed heat exchangers to recover high-temperature flue gas heat using medium-temperature return water—generating high-temperature hot water for direct reuse in dyeing and finishing high-temperature processing equipment. Since commissioning in May 2025, the heat exchanger inlet water temperature has been 40 °C, with an average outlet temperature of 73 °C and a daily average heat exchange water volume of 195 m³. Based on an 80% thermal efficiency conversion rate, the recovered heat value represents annual cost savings of approximately RMB550,000 — with the capital investment fully recovered within three months of operation.



Resource management

In 2025, the Company's water resource management efforts centered on intensive utilization and sustainable development. Through scientific assessment of production water requirements and optimization of water intake and recirculating water systems, the Company achieved more efficient water allocation and improved utilization rates. Internal management systems were strengthened, water conservation compliance oversight was enhanced, and water-saving processes and equipment upgrades were promoted — yielding meaningful results in water resource management over the course of the year. These efforts have effectively supported the Company's green transition and long-term competitiveness while ensuring continuity of production operations.

Water conservation

Water conservation is a critical initiative for ecological balance and sustainable development, aimed at reducing water waste and improving utilization efficiency through sound management, technological innovation, and broad participation. Leveraging the Group's proprietary wastewater treatment facilities, the Company has established the capacity to recover and reuse approximately 13,000 tons of water per day — equivalent to 61% of total water consumption — significantly reducing municipal water consumption, effectively alleviating regional water supply pressures, and serving as a clear industry benchmark.

Water consumption at each operating unit is measured by flow meters, and total water consumption is the sum of municipally supplied water and reclaimed water.

$$Q_{total} = \Sigma q \text{ tap water} + q \text{ reclaimed water}$$

Sewage treatment

The Company's sewage treatment operations are closely aligned with its green development philosophy. By strengthening operational controls, optimizing process technologies, and raising employee environmental awareness, the Company ensures that the full wastewater treatment process operates efficiently and stably—achieving compliant discharge, resource recycling, and compliant hazardous waste disposal to safeguard environmental safety and further advance the Company's transition toward a low-carbon, sustainable model.

The Company operates an on-site wastewater treatment station and a municipal wastewater treatment plant. The on-site station employs an Anoxic-Oxic (AO) wastewater treatment process, with effluent quality meeting the indirect discharge concentration limits set out in the Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry (GB4287-2012). The municipal wastewater treatment plant uses a "hydrolysis + Orbal oxidation ditch" process with a treatment capacity of approximately 120,000 m³/day, and produces effluent quality exceeding the discharge limits of the Shandong Provincial local standard Water Pollutant Discharge Standards for Urban Wastewater Treatment Plants (DB37 4809-2025).



Atmospheric pollutant management

Risk analysis and response measures

Risk Description	Risk Level	Responses	Assessment of Risks and Opportunities
Excessive exhaust gas emissions, causing air pollution	Low risk	Each year, we engage a qualified third party to monitor and measure exhaust gas emissions at the plant boundary to ensure compliant discharge of exhaust gas emissions. The Energy and Environmental Protection Department coordinates with all emission-generating departments to establish pollutant discharge quotas and conducts unannounced monitoring of wastewater, air emissions, and noise pollution sources. For abnormal emissions, the Department supervises the responsible departments and facilities to complete corrective actions as promptly as possible.	Effective

Current governance status

The Company proactively carried out air pollutant control efforts to minimize the environmental burden caused by our production and operations to the greatest extent possible. All air emission sources are recorded using measured concentration values. Applicable standards include: Emission Standards for Odor Pollutants (GB 14554-1993)—ammonia 1.5 mg/m³, hydrogen sulfide 0.06 mg/m³; Volatile Organic Compounds Emission Standards, Part VII: Other Industries (DB37/2801.7-2019)—odor concentration 16 (dimensionless), non-methane total hydrocarbons (NMHC) 2.0 mg/m³; and Integrated Emission Standard of Air Pollutants (GB 16297-1996) — particulate matter 1.0 mg/m³.

During the reporting period, unorganized air emission concentrations at the plant boundary were as follows: hydrogen sulfide 0.006 mg/m³, ammonia 0.06 mg/m³, particulate matter 0.29 mg/m³, NMHC 1.3 mg/m³, and odor concentration 13 (dimensionless)—all within and below the applicable emission limit values of hydrogen sulfide 0.06 mg/m³, ammonia 1.5 mg/m³, particulate matter 1.0 mg/m³, NMHC 2.0 mg/m³, and odor concentration 16 (dimensionless).



Waste management

Risk analysis and response measures

Risk Description	Risk Level	Responses	Assessment of Risks and Opportunities
Improper disposal of hazardous waste through non-standard channels causing environmental pollution	Low risk	The Environmental Operations Management Regulations have been established, requiring waste-generating departments to strictly place waste at designated locations in accordance with regulations and prohibiting unauthorized disposal. Through the establishment of the Emergency Preparedness and Response Management Regulations, the Company is able to respond to incidents in a timely and effective manner, controlling their escalation and minimizing harm.	Effective
Improper stockpiling and disposal of general solid waste causing environmental pollution	Low risk	A dedicated hazardous waste storage facility has been established, with classified collection of hazardous waste and regular engagement of qualified third-party organizations for disposal. Through the establishment of the Emergency Preparedness and Response Management Regulations, the Company is able to respond to incidents in a timely and effective manner, controlling their escalation and minimizing harm.	Effective



Management status

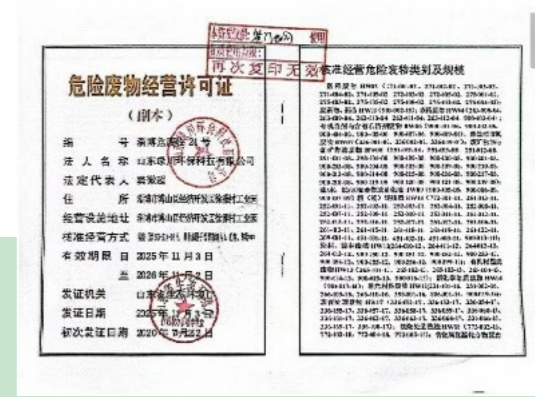
The Company temporarily stores and disposes hazardous waste that it generates in strict compliance with the Directory of National Hazardous Wastes and the Standard for Pollution Control on Hazardous Waste Storage. A dedicated hazardous waste storage facility has been established with appropriate infrastructure, and hazardous waste is managed through classification. The transfer of hazardous waste is entrusted exclusively to licensed hazardous waste treatment companies, and unauthorized disposal of hazardous waste is strictly prohibited. The main hazardous waste generated in the production and operation of the Company includes waste oil, waste oil barrels, waste paint buckets, waste detergent barrels, liners contaminated by chemical dyes, waste lead-acid batteries, laboratory waste liquid, etc.; the main non-hazardous wastes brought by the production and operation is the sludge. Waste generation volumes are calculated using direct measurement methods.



2025

hazardous waste treated totaled **41 tons**

non-hazardous waste treated totaled **12,115 tons**



Biodiversity protection

Lu Thai Textile is committed to biodiversity conservation and strictly complies with the Forest Law of the People's Republic of China, the Regulations on the Implementation of the Forest Law of the People's Republic of China, the Forest Logging and Regeneration Management Measures, the Regulations on the Protection of Wild Plants of the People's Republic of China, the Wildlife Protection Law of the People's Republic of China, as well as the United Nations Convention on Biological Diversity, and other biodiversity-related laws, regulations, and international conventions.

To protect biodiversity, we assess the dependence and impact of our business operations on natural resources, organize tree-planting activities for employees, promote paperless offices, and continuously work to reduce the negative impact of our operations on biodiversity. We actively promote sustainable use of natural resources and contribute to ecological balance maintenance.

Employee's Rights and Benefits/ Building a Harmonious Workplace Together

Employees are the backbone and source of innovation for an enterprise. Unlocking employees' potential and cultivating a sense of ownership are key to an enterprise's sustainable development. Lu Thai Textile implements a humanistic culture centered on caring employees, meeting their needs to the greatest extent possible while ensuring that employees have a healthy and safe workplace. We provide employees with a platform to show themselves and improve their abilities, consolidate their knowledge and skills, enrich their leisure life, and assist employees in solving difficulties. We truly care for and love our employees.

UN Sustainable Development Goals



“一二三”发展战略 为实现新三十年发展愿

Respect and equality

Lu Thai Textile has always adhered to the principle of equal and friendly employment. It strictly complies with the laws, regulations, and requirements of regulatory authorities of the countries where it operates, and actively supports the international conventions, including the International Covenant on Economic, Social and Cultural Rights and the Elimination of Discrimination in respect of Employment and Occupation, so as to build an equal, friendly occupational platform for employees.

The Company believes that talents are the basis for the operation and sustainable development of companies. As to the recruitment and retention of talents, the Company adheres to the "all-inclusive" concept, accepts all talents, and promises not to determine employees' salary and rank based on their gender, age, nationality, ethnicity, religion, color, language, domicile place and other personal characteristics unrelated to work. The Company respects the legitimate rights of every employee, and provides equal and free development space for every employee.



01

During recruitment, we do not deliberately differentiate based on gender, race, nationality, etc., and we adhere to equal opportunities.

02

The Company is committed to ensuring that gender, beliefs, ethnicity, and other non-work-related factors do not influence employees' salaries or promotions.

03

A fair competition mechanism is adopted for promotion. The performance, abilities, and potential of employees will be considered to select the best ones.



Employee diversity

Indicator (Unit)	2023	2023	2025
Employee diversity			
Total number of incumbent employees (person)	22,850	23,988	23,593
Total number of male employees (person)	9,317	10,432	9,972
Proportion of male employees (%)	41	43	42
Total number of female employees (person)	13,533	13,556	13,621
Proportion of female Employees (%)	59	57	58

Indicator (Unit)	2023	2024	2025
Employee age			
Total number of employees aged under 30 (person)	9,671	9,814	9,363
Proportion of employees aged under 30 (%)	42	41	40
Total number of employees aged above 30 (person)	13,179	14,174	14,230
Proportion of employees aged above 31 (%)	58	59	60
Education background of employees			
Bachelor or above (person)	1,319	1,555	1,571
Junior college (person)	3,726	4,517	3,982
High school or below (person)	17,805	17,916	18,040
Nationality			
China (%)	51	46	44
Foreign employees (%)	49	54	56



Caring for female employees

The Company always pays attention to the rights and development of female employees and always puts special protection for female employees into practice. Therefore, the Company has formulated the Management Procedure for Protecting Female Employees, carried out various publicity, education, and entertainment activities to promote the physical and mental health development of female employees, enhance their confidence in overcoming the dual pressures of work and life, and enable them to maintain a good state in professional competition.

Measures taken:

- The Company adhered to gender equality, eliminated gender discrimination, and implemented merit-based hiring under equal conditions.
- The Company has ensured career development of female employees, and provided broader development space for female employees.
- The Company has established a female employees' committee to assist female employees in solving their difficulties of life and work, and safeguarding their legitimate rights and interests.
- In 2025, the psychological counseling office organized and received 32 sessions of exchanges and symposiums for women workers.
- In 2025, 16 training sessions were conducted for female employees, with approximately 1600 participants. The training mainly combined offline sessions with online courses, focusing on women's health care and mental health knowledge.
- A range of activities were organized—including reading sessions, team-building outings, recreational competitions, floral arrangement workshops, and pastry-making classes—to promote the overall development of female employees, with prizes awarded to outstanding participants.
- Facilities and the environment of the designated maternity rest rooms have been continuously improved to provide expectant mothers with a more comfortable and convenient resting environment.
- In 2025, a total of 2,677 married female employees underwent health check-ups, with total examination costs exceeding RMB80,000.



Series of Activities on the International Women's Day on March 8



Outreach activities



Female employee symposium



Mom's cabin



Cultural and recreational activities



Health check-ups and free medical consultations for female employees

Human rights and labor



Compensation and benefits

The Company has established a comprehensive compensation and benefits system for employees. In accordance with the law, the Company makes contributions for employees to basic pension insurance, medical insurance, work-related injury insurance, and unemployment insurance. The Company strictly provides employees with paid annual leave, home leave, marriage leave, maternity leave, work-related injury leave, and other benefits in line with national standards. The Company actively enhances employee communication channels by establishing and improving mechanisms such as labor unions, employee representative meetings, and grievance procedures. The Company promptly accepts, handles, and provides feedback on employees' comments, suggestions, complaints, and appeals regarding compensation and benefits, effectively safeguarding employees' legitimate rights and interests.

Indicator (Unit)	2023	2024	2025
Employment contract signing rate (%)	100	100	100
Social insurance coverage (%)	100	100	100
Signing rate of collective bargaining agreement (%)	100	100	100

Lu Thai Textile's compensation system consists of hourly wage and piece-rate wage structures, with salaries balanced according to job roles. Based on this, the Company continuously optimizes the salary structure and improves performance appraisal standards to maximize employees' salary and benefits.



Human rights protection

- ◆ In interview process, the Company actively examines identity cards, diplomas, etc., to prevent child laborers or underage workers who have not finished legal compulsory education from being recruited by mistakes.
- ◆ The Company is committed to putting an end to any form of forced or compulsory labor. Employees are free to leave the workplace after completing the work needed to be done within standard working time. The declaration system must be implemented for overtime work to ensure that overtime work is a voluntary act of employees.
- ◆ In the course of production and operation, cooperating with the local government or third-party institutions, the Company actively carries out due diligence on human rights protection.
- ◆ To fully incorporate employees' insights and promote employees' participation in Company management, our labor union collected employees' opinions and suggestions through various channels.



Complaint and Suggestion Channels

- The Company organizes new employee symposiums and establishes an “on-site response + closed-loop follow-up” mechanism: employees’ questions are addressed directly and communicated in detail during the sessions, while all issues are systematically fed back to HR administrators of relevant departments. Clear requirements are set to formulate rectification plans, advance coordinated resolution, and track the implementation progress throughout the process. In 2025, we conducted in-depth engagement with a total of 500 new employees and addressed their concerns and needs in line with our actual conditions.
 - Every year, employee representatives are elected through employee elections, and the Labor Union regularly holds employee representative assemblies to promote activities of the Labor Union and communicate with employees.
 - Suggestion boxes are set up in various plants and departments of the Company to collect employees’ opinions on the Company’s policies, management processes, and salary benefits. The Labor Union organizes them once a month and provides feedback to the Company’s senior leadership to discuss improvement plans.
 - Hotlines and email addresses are set up to encourage employees to actively voice their opinions on the Company’s development.
- Tel.: (86) 533-5261634
SMS: 18560301315
Email: gonghui@ltd.com.cn
- Chairman Reception Day on the 25th of each month—direct face-to-face communication with employees.

- ✓ The Company posts warning signs and occupational hazard notification cards in prominent positions in the workshop.
- ✓ The Company regularly maintains and repairs occupational hazard protection facilities to ensure their integrity and effectiveness.
- ✓ Each year, the Company organizes one to two emergency rescue drills involving relevant departments and workshops to enhance employees’ emergency response capabilities for sudden occupational hazard incidents.
- ✓ Provide employees exposed to occupational hazards with standardized and effective personal protective equipment (PPE), ensuring regular procurement, distribution, and supervision of PPE usage to prevent occupational diseases. The Company installs rinsing facilities in places with corrosive substances such as acids and alkalis or risks of chemical burns. Besides, the Company maintains, services, and upgrades occupational disease protection facilities.
- ✓ Organize first aid and heatstroke prevention training to enhance employees’ emergency response skills. In 2025, the Company conducted 16 first aid training sessions and 22 heatstroke prevention training sessions.
- ✓ The Company popularizes health care knowledge each month, and provides first-aid medical kits for employees, with first-aid medicine supplemented for 271 times on average per month in 2025.
- ✓ The Company distributes heatstroke prevention drugs in summer for convenient use by employees.
- ✓ In 2025, no any major public health events occurred in the Company.



Employee Physical Examinations



Occupational health and safety

The Company pays high attention to its employees’ occupational health and safety, so it has established and improved the management system of occupational health and safety, implemented risk control measures, and actively inspected and responded to occupational disease hazards, effectively safeguarding the occupational health and life safety of every Lu Thai.

Prioritize safety before production; no production without safety. Strictly adhere to operating procedures to prevent safety accidents.

Comply with environmental laws and standards and fulfill corporate social responsibility in environmental protection. Ensure management practices align with compliance requirements for a safe working environment.

Lu Thai EHS Philosophy

Source management and green manufacturing. Emphasize prevention and a combination of prevention and control measures.

Safety first, prevention-oriented, and comprehensive management.

Measures taken:

- ✓ Before taking up their posts, all new employees undergo pre-employment physical examinations to prevent personnel with occupational contraindications from engaging in related positions. During employment, the Company conducts occupational health examinations in compliance with regulations and reasonably adjusts job assignments based on the examination results. Upon leaving their posts, employees undergo post-employment occupational health examinations to ensure they leave in good health.
- ✓ The Company has conducted regular occupational health education and training for employees, and established occupational health surveillance archives for employees, realizing the standardized management featuring “one archive for one person” .
- ✓ Conduct annual occupational hazard assessments in key areas, with immediate rectification for any testing points that fail to meet standards.



First Aid Training



Personal Protective Equipment



检测点	检测项目	检测结果	判定标准	判定结果
一楼	噪声	65.5dB(A)	PC:75dB(A)	符合
	粉尘	0.1mg/m³	PC:1.0mg/m³	符合
二楼	噪声	72.1dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
三楼	噪声	72.1dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
四楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
五楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
六楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
七楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
八楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
九楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合
十楼	噪声	71.2dB(A)	PC:75dB(A)	符合
	粉尘	0.55mg/m³	PC:1.0mg/m³	符合

Occupational Hazardous Factor Detection

Occupational Hazardous Factors	Countermeasures
Dust	<ul style="list-style-type: none"> Take airtight, ventilating, and dedusting measures for cotton blending machines and scutchers in pre-spun process Adopt the approach of wet sweeping for the workshop to take away the dust accumulated on the surface as much as possible Regularly clean the air duct Distribute sufficient dust masks that conform to international standards
High temperature and high humidity	<ul style="list-style-type: none"> Distribute items for heatstroke prevention for high-temperature posts in the workshop Add Auricularia auricula and pig blood curd to workshop meals to enhance employees' ability to defend against occupational diseases Adjust the air supply and exhaust volume in the workshop
Noise and vibration	<ul style="list-style-type: none"> Equip employees with disposable noise-reducing earplugs and replace them regularly



Summer camp program

Talent management



Talent acquisition

Lu Thai scientifically forecasts talent demand by taking into account Company's strategic positioning, business development, and current talent pool, enhancing talent selection methods and expanding recruitment efforts. By utilizing multiple recruitment channels, the Company attracts professionals from various fields, ensuring a strategic talent reserve to maintain long-term competitiveness and foster a corporate environment where employees can fully utilize their skills and potential. At the same time, the Company steadily advances international talent recruitment in the United States, Italy, Japan, Vietnam, Cambodia, Myanmar, and other countries to support its overseas business expansion.

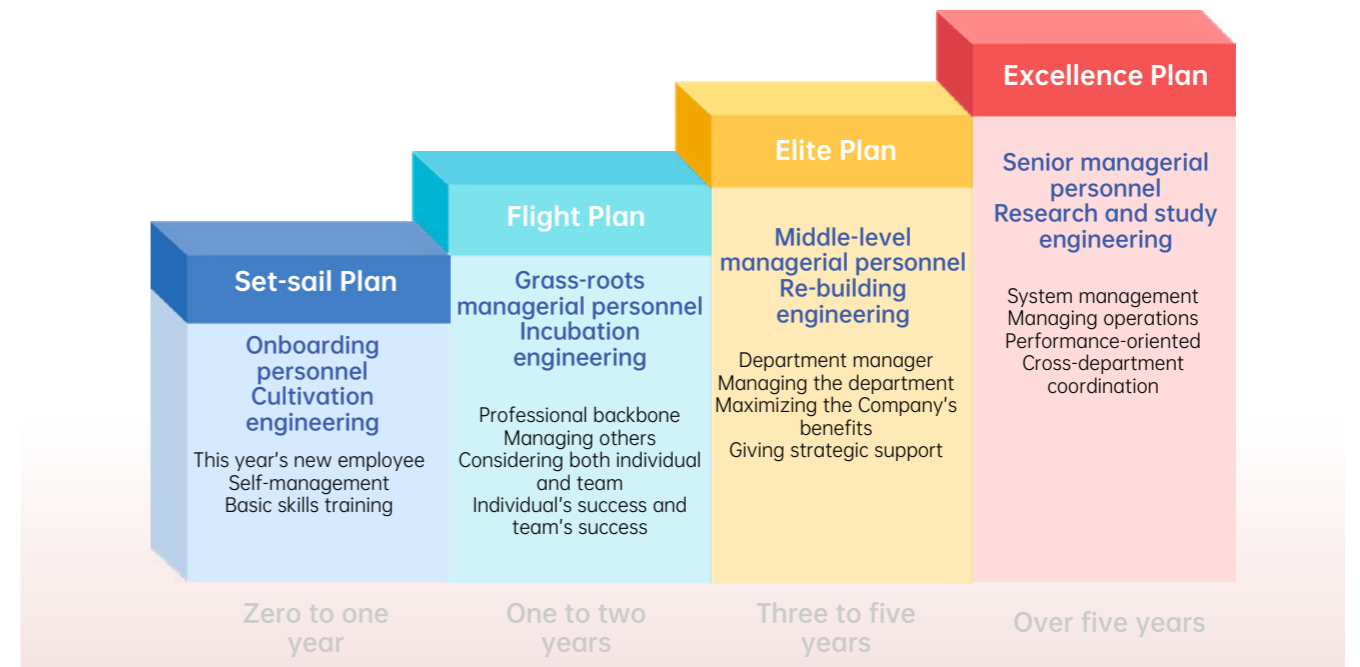
Additionally, to promote internal talent mobility and encourage employees to achieve diversified career development, employees can apply for internal job postings. Those who meet job requirements and pass interviews can transfer positions following the Company's recruitment procedures. Employees and departments can also submit internal transfer applications based on operational needs.

This year, the summer camp program organized by the Human Resources Department brought together outstanding students from 14 universities, including Qingdao University, Inner Mongolia University of Technology, Qiqihar University, Dalian Polytechnic University, Beijing Institute of Fashion Technology, Tiangong University, Hebei University of Science and Technology, Zhongyuan University of Technology, Xi'an Polytechnic University, Jiangnan University, Soochow University, Donghua University, Wuhan Textile University, and Zhejiang Sci-Tech University. Through a multidimensional experience model of "see, listen, do, and feel", the program enabled students to gain a comprehensive and in-depth understanding of our business development and culture, while also effectively enhancing our employer brand influence across universities.

Development of reserve talent pool

The Company has formulated and implemented the 2022-2026 Key Position Recruitment Plan, establishing the Three-Year Career Development Plan for Undergraduate and Above Employees of Lu Thai Group for newly recruited key position personnel, and organized various departments to formulate the Measures for the Management of the Tier-Two Talent Pool, achieving "position-based recruitment and targeted development" for personnel in key positions. In 2025, totally 86 key post personnel were recruited, and totally 118 second-level talents were reserved for all departments.

Career Planning for Employees





Employee training and development

Lu Thai Vocational Training School is dedicated to serving regional economic and social development, aligning with market demand, and focusing on employment promotion and industry development needs. The school is committed to cultivating skilled professionals and provides training in employment skills, skill enhancement, and competency development for unemployed individuals, rural migrant workers, and university students.

Internal employee training

The Company focuses on establishing and improving a standardized training system for all positions, clearly defining the development cycle, core training content, and regularization assessment standards for different roles. Through a diversified training model of "theoretical instruction + hands-on practice + mentor coaching", the Company helps new employees rapidly enhance their professional skills and achieve independent job placement as soon as possible.

At the same time, the Company continues to improve our full-cycle vocational training system, covering multiple dimensions such as onboarding training for new employees, on-the-job skills enhancement training, and advanced management capability training. Based on the development needs of employees in different positions and at different levels, the Company precisely matches training resources, builds a clear career advancement pathway for employees, and helps employees achieve the shared enhancement of personal value and corporate value.

A total of 23,593 employees took part in the vocational training in 2025 with a coverage rate of 100%.

Indicator (Unit)	2023	2023	2025
Training participants (person)	22,850	23,988	23,593
Average training hour (hour)	56	56	56
Training coverage rate (%)	100	100	100



Onboarding training



Training for frontline managers



Employee skills training

External personnel training

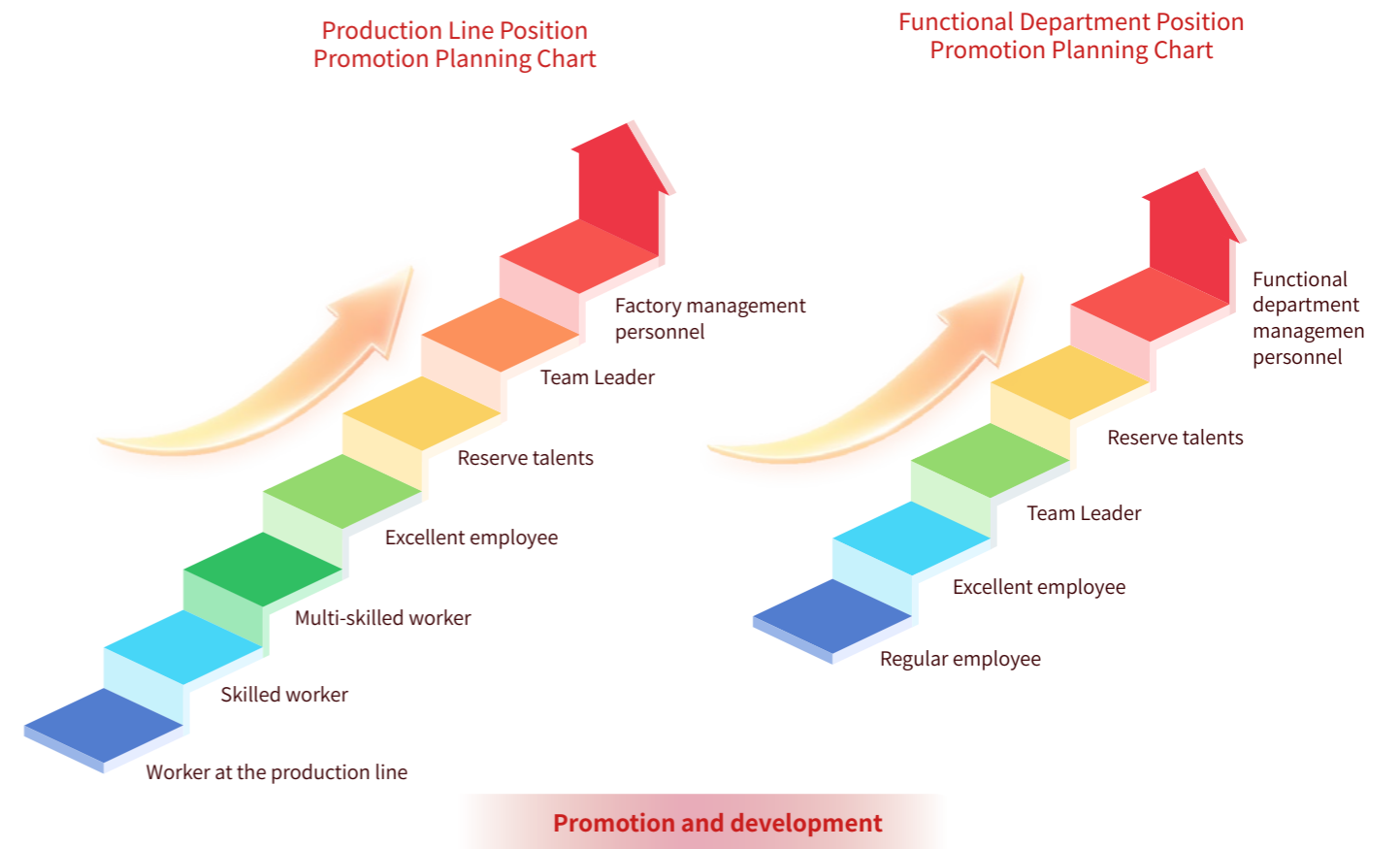
To help local unemployed individuals broaden employment channels and enhance their employment competitiveness, Lu Thai Vocational Training School provides specialized vocational skills training and job-specific skills enhancement training. After training, participants take certification exams, and those who pass receive relevant certificates. In 2025, a total of 122 unemployed individuals received training, among whom 106 obtained Specialized Vocational Ability Certificates and 16 obtained Skill Level Certificates.



Unemployed worker training

Multi-dimensional promotion mechanism

The Company implements horizontal and vertical dual channel development (job promotion and cross-job promotion), with promotion in the directions of management line and professional lines (the former is achieved through job changes, while the latter is achieved through internal professional title appraisal). Targeted training is carried out based on personnel characteristics and personal preferences, achieving multi-dimensional development space for employees.



In 2025, the Company appointed two employees as Chief Technicians, 33 employees as Senior Technicians, and 103 employees as Technicians. A total of 476 employees were Senior Technicians, 505 employees were Intermediate Technicians, 509 employees were Level 2 Junior Technicians, and 690 employees were Level 1 Junior Technicians. During the term of appointment, they were provided with monthly skills allowances of RMB2,500, RMB1,500, RMB1,000, RMB500, RMB300, RMB200, and RMB100, respectively.

We appointed seven employees as Level 1 Engineers, 45 employees as Engineers, 411 employees as Assistant Engineers, and 146 employees as Technicians. During the term of appointment, we provided engineering and technical allowances of RMB1,000, RMB800, RMB400, and RMB200 per month, respectively.

We appointed one employee as a Level 1 Designer, five employees as Designers, 17 employees as Assistant Designers, and two employees as Design Technicians. During the term of appointment, we provided professional design allowances of RMB1,000, RMB800, RMB400, and RMB200 per month, respectively.

Since 2003, the Company has established an internal professional title evaluation, appointment, and allowance system, actively promoting the values of honoring labor, valuing skills, and fostering creativity. This has created a sound corporate culture that emphasizes and respects skill development, encouraging employees to learn, practice, and hone professional skills. The Company has taken a leading position in the industry in cultivating and evaluating skilled talent. The internal professional title evaluation and appointment system has become a key platform for implementing the Company's philosophy of "valuing, nurturing, and utilizing talent". This professional title evaluation and appointment activity, based on summarizing experience and in light of the new situation and changes we currently face, adhered to the principle of "being grounded in standards, strengthening guidance, and emphasizing practical effectiveness", effectively driving the comprehensive improvement of our employees' knowledge and skills as well as their professional competence.

Qualification support

Case

This year, nine employees were encouraged to take the Certified Safety Engineer Examination, with one employee passing and obtaining certification.



Promoting skills development

Lu Thai Textile actively carries out various skill competitions, and encourages its employees to enhance their learning and capabilities through these events, to refine their professional skills and define their vocational objectives and orientations. The Company also encourages its employees to take vocational qualification examinations, so as to transfer what they have learned into practical output. These initiatives continuously promote employees' development toward high-level specialization and support the Company's aspiration to become a world-class enterprise characterized by learning, skills, and innovation.

[Case] The Company's Thirty-fifth Session of Technical Demonstration and Competition

From April to July 2025, the Company held the thirty-fifth session of activity of technical demonstration and competition. A total of 46 companies and 7,810 personnel covering 605 types of work in total took part in the competition. Through the processes of publicity and mobilization, training and learning, post drills, and preliminary and final competitions, finally there were 29 champions of single skills of departments, 3,058 winners of technical demonstrations and competitions, 659 "excellent versatile workers", and 93 "excellent teams", 10 single-skill champions of the Company, and 125 "technical model employees", and they have all obtained honor certificates, bonus, and presents. Technical demonstrations and competitions have aroused employees' enthusiasm to learn technologies, dig into professions, practice skills, and work as artisans through training and learning, post drills, and skill competition, hence achieving the objectives of promoting production, safety, management, benefits, and development through competitions.



Technical competition

[Case] The Company's Activity of Evaluating the Excellent

The Company launched the activity of evaluating the excellent, in order to further promote the excellent corporate culture of the Company, commend outstanding collectives and employees who performed outstandingly in the past year, and motivate everyone to innovate their performance, achieve new breakthroughs, and make new contributions in the next year. A total of 10,696 participants took part in the evaluation process. Through a graded assessment, the final selections included 2,631 "Advanced Production (Work) Individuals", 114 "Company Model Employees", 10 "Labor Models", and 41 "Advanced Collectives". The total bonus awarded amounted to RMB3 million.

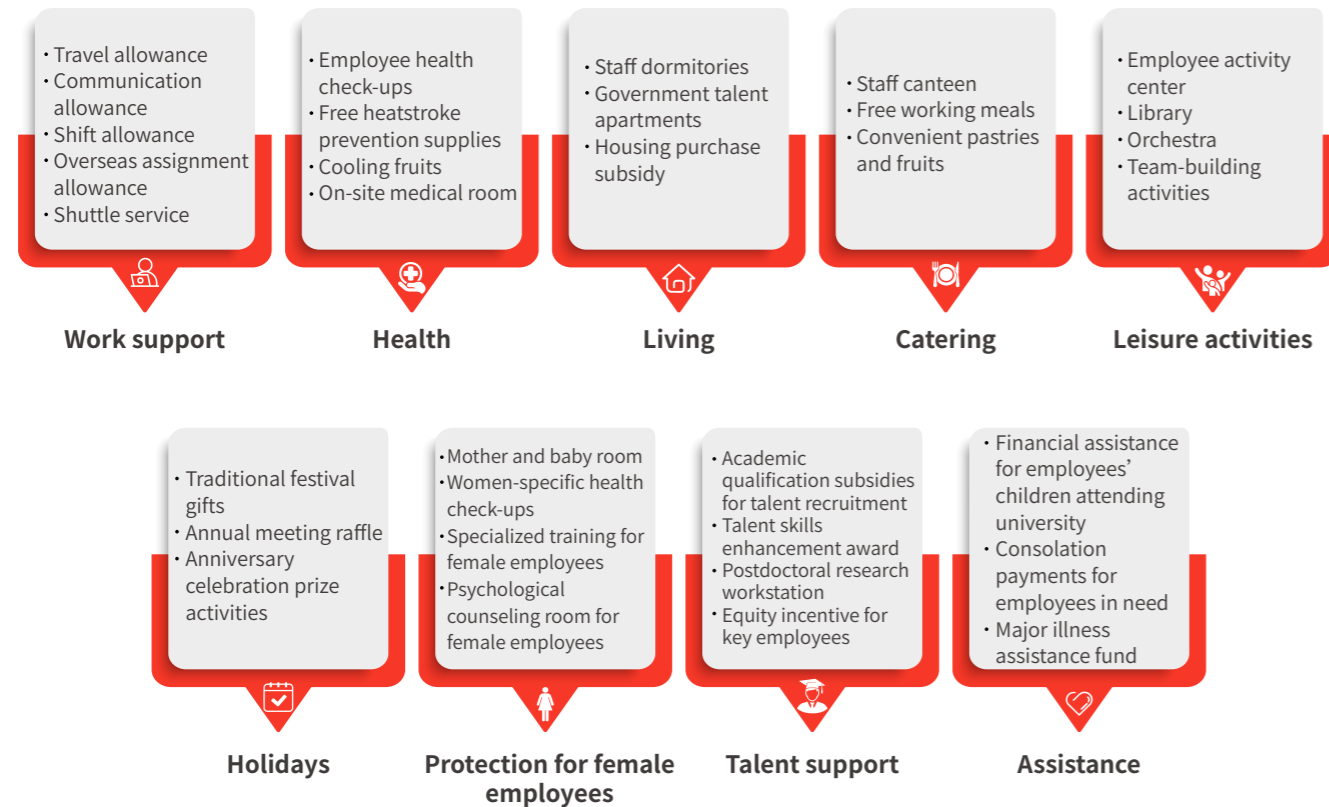


Benefits and care

We have always upheld the philosophy that “employees are an enterprise’s most valuable resource”, firmly believing that stable employment for employees is an important foundation for our high-quality development. Therefore, we continuously enhance employee satisfaction and sense of belonging, striving to meet various employee needs to the greatest extent possible.

We provide our Group’s employees with a wide range of non-salary benefits, such as occupational health examinations, employee welfare physical examinations, commuter shuttle buses, travel allowances, and welfare dormitories, etc. At the same time, we establish dedicated benefits for employees with special needs, such as lactation rooms, dedicated health examinations for female employees, and condolence payments for employees in hardship, etc.

Non-statutory benefits available to eligible



In terms of statutory benefits, we provide employees with statutory holidays, rest days, sick leave, work injury leave, marriage and bereavement leave, maternity leave, paternity leave, breastfeeding leave, and annual leave in accordance with national or local regulations. Additionally, we contribute to employees’ social insurance (including basic pension insurance, medical insurance, unemployment insurance, and work injury insurance) and housing provident fund.



Holiday Gift Distribution



Bonus and Benefits Distribution



Emphasis on employees’ living and dining conditions

Lu Thai currently has more than 20,000 employees. The Company attaches great importance to the quality and services of employees’ board and lodging, and regularly carries out satisfaction surveys of employees’ board and lodging each year, to constantly improve logistics management and services to strive to provide employees with nutritionally balanced dining conditions and a convenient and comfortable living environment.

- Continuously enhance employees’ job skills by adhering to the principles of “standardization and regulation” in food preparation. Advocate for quality awareness among all employees, starting with basic dishes, optimizing cooking methods, mastering heat control, ensuring precise seasoning, and maintaining stable food quality.
- Develop on-duty meal menus through a combination of intelligent planning and employee surveys, ensuring the accumulation of raw data to guarantee menu diversity, balance, and seasonality.
- Display QR codes on dining tables for feedback collection, utilizing multiple channels to gather opinions and suggestions, and continuously improving food quality.
- Promote the upgrade of smart dining facilities, enabling diversified intelligent management methods such as card, QR code, and facial recognition payments, self-service card replenishment, intelligent food sampling, morning health checks, and AI monitoring, improving restaurant attendance rates and convenience.
- Adjust menus according to seasonal changes, ensuring a cool taste in summer and hot soups and hot dishes in winter. In summer, meals amid shift are added with seasonal fruits and mung bean soup, to prevent employees from heatstroke and reduce heat from employees.
- Establish a provincial-level healthy enterprise to ensure food safety, create a healthy dining environment, and continuously promote health awareness by advocating “low salt, low sugar, and low fat”, prioritizing health.
- To reflect the Company’s humanistic care, make birthday cakes for employees free of charge. Meanwhile, launch a cake ordering service and undertake the production of large and specialty cakes to better serve employees.
- In 2025, employee dining satisfaction reached 83.95%.



Diverse Dishes



Pastry Category



- ★ Air conditioners and free Wi-Fi are uniformly equipped in all dormitories in the Company.
- ★ Each floor in the apartment is equipped with chess and card room, television hall and smoking room.
- ★ Each building in the apartment areas is equipped with a fully automatic coin-operated washing machine.
- ★ 24-hour unmanned supermarkets are set up in the apartment areas to provide employees with conditions of convenient and fast shopping.
- ★ The apartments provide the services of cleaning working clothes and articles of bedding free of charge, and set up locations for replacing articles of bedding to achieve that such articles can be replaced whenever they are dirty.
- ★ Free drying and storage of bedding are also provided for employees during seasonal changes.
- ★ Each park area is equipped with bathing facilities, so that employees can have baths conveniently.
- ★ 84 disinfectant is sprayed on dormitories and bathrooms every day to ensure a healthy living environment.
- ★ Independent shower rooms in university student apartments.



Employee Apartments



Supermarket

Employee care and support



Golden Autumn Scholarship

In the crisp air of golden autumn, fruits hang heavy on the branches. With our original aspiration, we build dreams, and the future is promising. This year, Lu Thai Group again ushered in a bumper season for the National College Entrance Examination. More than 330 employees' children achieved outstanding results and were admitted to universities, setting a record high for admissions across all years. This is both a glory for families and a source of pride for Lu Thai, reflecting the fine family tradition among our employees of respecting culture and valuing education, and further demonstrating the deep commitment of the enterprise to grow together with employees.

On August 18, Lu Thai Group held the 2025 "Golden Autumn Scholarship" award ceremony. Leaders including a member of the Party Leadership Group and Deputy Director of the Zichuan District Bureau of Education and Sports, and Liu Zibin, the Company's Chairman, and President, attended the ceremony and presented scholarships to employees' children who were admitted to universities for further study this year. Students admitted to undergraduate programs received RMB5,000 each, and students admitted to junior college programs received RMB3,000 each.



Scholarship Awarding Ceremony of the Golden Autumn Scholarship Program



Relief of Employees in Difficulties

Implementing the people-foremost policy and caring for employees have always been an important part of the Company's corporate culture. The grassroots branches of the Company visit and comfort employees every year, go deep into the front line of production, and understand the living condition of employees through multiple channels. They also take the responsibility of "the first insider" actively, find out the state of mind of employees and take the initiative in solving their problems. The Company has established a bailout foundation, and distributes assistance funds to employees with family difficulties every year, hence helping employees to go through their difficult pass. In 2025, a total of 88 employees received assistance, with relief grants totaling RMB194,000.



Distribution of Relief Funds



Summer-vacation daycare program

In the scorching summer, care fills Lu Thai. To effectively address employees' "difficulties in arranging summer childcare for their children" and to enhance employees' sense of belonging and well-being, Lu Thai Group carefully organized the "Employees' Aid for the Future" summer vacation care class for employees' children, which officially opened on July 10. Liu Zibin, the Company's Chairman, and President, made a special visit to the care class site to warmly visit and express his regards to the children in care and the hardworking teaching and administrative staff, and to learn first-hand about the operation of the program.

This summer care class ran from July 10 to August 26, lasting 40 days. It was held in two sessions, with five classes in each session, accommodating a total of 300 employees' children. Centered on four key themes of "ingenuity, traditional Chinese culture, the spirit of labor, and safety protection", the care class offered a wide range of activities such as recitation, writing, drawing, handicrafts, singing, and gesture dance, creating a safe, beneficial, and joyful summer environment for employees' children. It enabled children to grow through learning and gain through interaction, spending a fulfilling and unforgettable summer vacation.



Daily Activities and Performance of the Summer Daycare Program



Mid-autumn family banquet

On October 6, Lu Thai Group's 2025 mid-autumn family banquet themed "Full Moon at Mid-autumn, Love Fills Lu Thai" was held. Company leaders including Liu Zibin, Chairman, and President, gathered with representatives of young employees, while employee representatives from overseas production bases joined via video connection to celebrate the Mid-Autumn Festival together.

Chairman Liu Zibin stated that the Group will not forget every member of the Lu Thai family striving away from home. With the commitment of sacrificing the small family for the greater good, everyone has enabled the Lu Thai spirit to be carried forward overseas, making our corporate culture more open and inclusive. Through professionalism and hard work, everyone has built a bridge for our global development. Every moment of perseverance in a foreign land has made our globalization blueprint clearer. The Company and our families will always be the warmest harbor and strongest support. At the same time, the Chairman encouraged young employees to have ideals, take responsibility, endure hardship, and work hard, demonstrating the vigor and sharpness of youth, earning a broader stage for career development, and becoming a vibrant force supporting the Company's growth.



Enriching employees' cultural and recreational life

The Company regularly organizes various cultural, sporting, and recreational activities, to enrich employees' spare-time life, boost employees' mental outlook, and lead employees to achieving the balance between work and life, hence promoting employees' sense of belonging to the enterprise, and enhancing the Company's cohesion.

[Case] "Tribute to Strivers, A Song of Striving" - 2025 New Year Concert

On February 7, 2025, the "Tribute to Strivers, A Song of Striving" Lu Thai Group 2025 New Year Concert was grandly held at Lu Thai Academy.

The concert featured a full performance and accompaniment by the Lu Thai Textile Orchestra.

The concert was divided into three chapters. In the first chapter—"Hard Work and Striving Create Great Achievements", the songs The Story of Spring, Labor Lifts the Chinese Dream, Crossing Love, and the orchestral ensemble Dance of the Golden Snake showcased that, over the thirty-eight-year journey of struggle, Lu Thaiers weathered storms together and stood together through thick and thin, advancing hand in hand toward a common goal.



Concert Performance Scene



[Case] The 11th Employee Sports Meeting

Colorful flags flutter against the clear sky, and waves of cheers shake the green field.

On May 24, Lu Thai Stadium was filled with blooming flowers, fluttering flags, and a roaring crowd as the Lu Thai Group 11th Employee Sports Meeting kicked off in a vibrant, youthful atmosphere.

The opening ceremony of this Employee Sports Meeting featured 14 representative team formations, with nearly 3,000 participants taking part in the formation display. A newly added performance formation strengthened the promotion of corporate culture, highlighting our cohesion and centripetal force. This Sports Meeting included a total of 28 teams and more than 2,000 participations across 31 events, including track and field and fun events. On the field, speed and strength collided, unity and perseverance intertwined. With high spirits, Lu Thaiers interpreted the sportsmanship of "Faster, Higher, Stronger, Together", and further demonstrated Lu Thai's never-stopping spirit of striving.

In the end, the Representative Team of LuFeng Dyeing and Finishing Plant II, the Representative Team of LuFeng Weaving Plant, and the Representative Team of the Sample Plant won first, second, and third place, respectively, in the overall team score. Lu Thai Vocational School won the Spiritual Civilization Award, and the Yarn Product Line, Knitted Fabric Product Line, LuQun Textile, and LuRui Unicorn won the Excellent Organization Award.



Sports Meeting Competition Scene

[Case] The 38th Anniversary Celebration-Gala Performance

On June 6, 2025, United in Purpose to Embark on a New Journey, Striving to Compose a Glorious Chapter: A series of activities celebrating the 38th anniversary of the establishment of Lu Thai Group were held.

At 17:00 on June 6, a reception celebrating the 38th anniversary of the establishment of Lu Thai Group was held. Liu Zibin, the Company's Chairman, and President and other Company leaders, as well as representatives of model workers and exemplary individuals, representatives of employees assigned to overseas production bases, representatives of both new and long-serving employees, and representatives from the Party, Labor Union, and Youth League, totaling more than one hundred people, attended.



Reception Scene



Gala Scene

During the gala, Chairman Liu Zibin solemnly presented awards to employees who had completed 10 years of overseas service, conferred honorary medals, and paid high tribute to the strivers who are embarking on the Company's overall internationalization journey.



Award Presentation Ceremony

[Case] Swimming Competition

[Case] Swimming Competition

On August 16, 2025, Lu Thai Group's "Swim" Beyond, Strive to Lead: 2025 Swimming Competition kicked off with great enthusiasm. This event featured a wide range of programs, including competitive events such as the men's and women's 50-meter races, the men's 100-meter race, and the men's 4x50-meter relay, as well as fun and heartwarming segments such as the parent-child 50-meter race, "landlubber" swimming, and parent-child interactive games. It balanced competitiveness with participation and provided employees of different age groups and varying swimming abilities with a platform for showcasing their skills and engaging with one another.

The venue was filled with excitement, with cheers and splashes blending into an energetic symphony. At the referee's crisp whistle, competitors in each event leapt into the pool in succession. Everyone focused intently and paddled with all their strength, engaging in fierce competition in the pool. Every sprint demonstrated the resilience and refusal to give in that define Lu Thaiers, and every pursuit embodied the fighting spirit of "Faster, Stronger".



Swimming Competition Venue

[Case] Lu Thai Electroacoustic Band Tour

From August 18 to 21, the Lu Thai electroacoustic band toured various Company's campuses under the theme "Hand in Hand, Strive for the Future".

The stage was brilliantly lit, and the band showcased a versatile musical style. The lively melody of Our Times kicked off the event. When Blue Lotus began, employees in the audience spontaneously sang along, creating a lively atmosphere. The impassioned rendition of Serve the Country with Utmost Loyalty resonated with the entire audience, drawing thunderous applause. The cast and crew also performed Truly Love You, Legend, The Moon Represents My Heart, Love Song of the Western Sea, Gallop Forward, Your Answer, and other songs. Classics and pop selections intertwined to create a rich audio-visual experience.



Tour Performance Scene

[Case] "Autumn Rhythm" Lawn Concert and Lu Thai Group College Student Networking Event

On August 26, the "Autumn Rhythm" lawn concert and Lu Thai Group college student networking event was held at Panyang Villa Hotel.



Event Scene

Along with the upbeat melody of Our Time, this youth music feast kicked off. Under dazzling lights, multiple performers took turns on stage, presenting songs in a variety of styles. The melodious tunes lingered over the lawn, and the atmosphere on site continued to heat up. Young employees could not help swaying to the music, and the glow sticks in their hands converged into a twinkling "galaxy", with youthful energy and passion everywhere. During the interactive segment, "listening and guessing the song" tested musical sense and memory, while "answering the wrong question" was full of fun and surprises. The two games drew continuous laughter and further brought young employees closer together.

This "Autumn Rhythm" lawn concert and college student networking event innovatively adopted an "outdoor music + fun interaction" format. It not only allowed young employees to relax in pure and beautiful melodies, but also built a platform for communication and interaction.

[Case] The 27th Session of Employee Basketball League

In October 2025, Lu Thai Group held the 27th Employee Basketball League. A total of 12 teams participated in this league, which lasted three days and featured 38 fiercely contested games. The teams worked together in unity and fought tenaciously, delivering one thrilling and gripping game after another for the audience. On the court, there were not only smooth, flowing teamwork and coordination, but also long-range three-point shots with pinpoint accuracy. We also saw "striving" in the midst of hard-fought competition, "collaboration" through unity and teamwork, and "innovation" in the pursuit of excellence.

In the end, the LuFeng Company team, relying on seamless coordination, precise passing, and solid offense and defense, claimed the championship trophy. Team 1 of the yarn-dyed fabric product line won the runner-up, while Office Team 2 and Office Team 1 placed third and fourth, respectively.



Basketball Match Scene

[Case] The 25th Session of Employee Soccer League

In September 2025, the Company organized the 25th Employee Football League. A total of 11 teams participated in seven days and 29 matches of intense competition.

The atmosphere at the venue was vibrant, and players from both sides were full of energy and high morale. Under tight marking and pressure from opponents, they changed direction nimbly to break through the defense. In aerial challenges, they leapt into the air, showcasing strength and athletic beauty. Every attack and defense embodied the team's tacit understanding and passion. In the end, Team 1 of the yarn-dyed fabric product line won the championship of this league with steady tactical execution and teamwork. The Security Department representative team fought tenaciously to win the runner-up and the LuFeng Company representative team defeated Team 2 of the yarn-dyed fabric product line in a penalty shootout to take third place.



Football Match Scene



[Case] Welcoming 2026: Corporate Culture Theme Gala Evening

On December 30, 2025, the Lu Thai Group Corporate Culture Theme Gala Evening, themed "Culture Leads the Way to a New Journey, Uniting Hearts and Strength to Compose a Glorious Chapter", was held at the Lu Thai Academy. The gala featured a total of 13 programs presented in four chapters. The performers were radiant and high-spirited, fully reflecting the significance and spirit of our corporate culture philosophy.

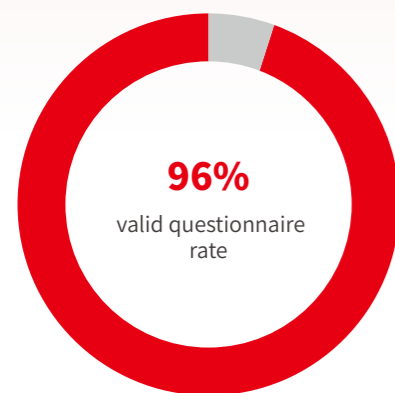


Gala Scene



Employee satisfaction survey

To scientifically assess employees' satisfaction with corporate management, working environment, compensation and benefits, and other aspects, and to accurately identify management shortcomings, the Company conducted employee satisfaction surveys and implemented issue rectification across the Group. This survey focused on the core objectives of "analyzing the reasons for low satisfaction, assessing the impact of policy changes, improving shortcomings in a targeted manner, and enhancing team cohesion". It covered six core dimensions: overall identification, working environment, direct supervisor, teamwork, learning and development, and compensation and benefits. The survey respondents covered all Company's employees (excluding management personnel). It was conducted in the form of an online questionnaire via the Lu Thai OA system, and standardized analysis was performed using the Likert Five-Point Scale method to ensure the objectivity and scientific rigor of the survey results.

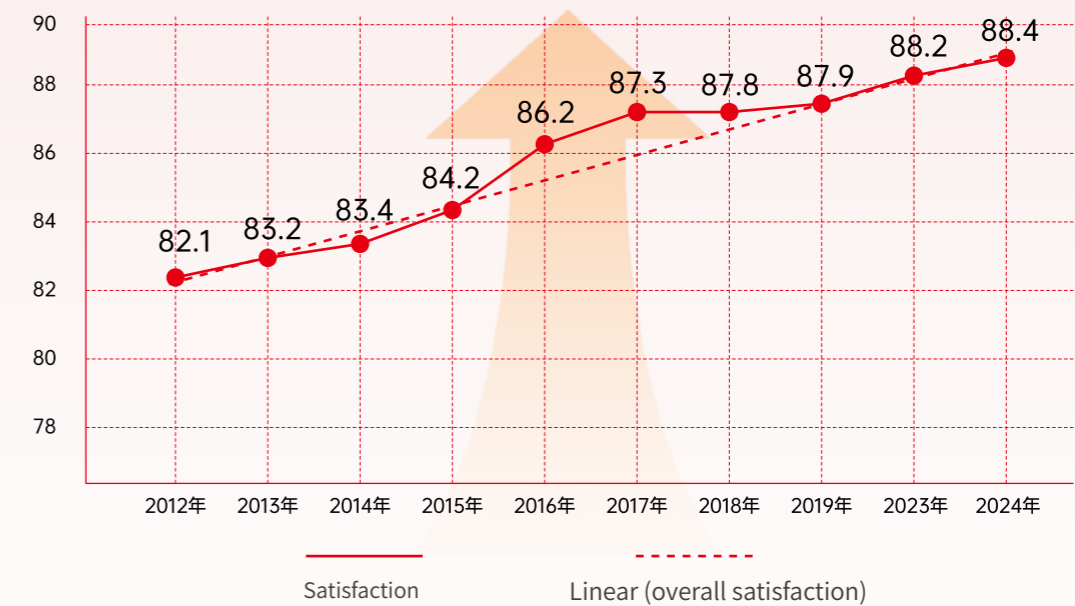


This survey received extensive employee participation. A total of 9,255 questionnaires were collected, accounting for 89% of the total number of employees surveyed. After screening, 8,900 valid questionnaires were obtained, with the valid questionnaire rate reaching 96%, fully reflecting employees' attention to corporate management and their enthusiasm for participation. The survey results showed that the average overall employee satisfaction score was 88.4 points (out of 100), an increase of 0.2 points from 88.2 points over the same period last year.

Comparison of overall satisfaction from 2012 to 2024

The overall satisfaction rate in the 2024 employee satisfaction survey was 88.4, with a year-on-year growth rate of 0.23%. The specific analysis is as follows:

Year	2012	2013	2014	2015	2016	2017	2018	2019	2022	2024
Satisfaction	82.1	83.2	83.4	84.2	86.2	87.3	87.8	87.9	88.2	88.4
Year-on-year	/	1.30%	0.20%	1.00%	2.40%	1.30%	0.60%	0.10%	0.30%	0.23%



Community Engagement/ Striving to Be an Outstanding Corporate Citizen

In the face of a complex and severe external environment, Lu Thai assesses the situation, makes unified decisions, and overcomes difficulties. The Company assists the national education and community public welfare undertakings, and provides strong impetus for local economic development.

UN Sustainable Development Goals



Supporting education initiatives

Education is a long-term endeavor that benefits future generations. Over the years, Lu Thai has actively contributed to education support programs, investing a total of over RMB45 million in educational assistance. The Company has established cooperative education programs with more than 20 vocational and higher education institutions, demonstrating its strong commitment to social responsibility through concrete actions. Looking ahead, Lu Thai will continue to stay connected to its hometown, support the development of education, strengthen school-enterprise cooperation, and drive new achievements in educational collaboration.

[Case] A Delegation Led by Zhu Yongmin, Vice President of Xi'an Polytechnic University, Visited the Company for Research Tour

On July 26, 2025, a delegation led by the Vice President of Xi'an Polytechnic University visited the company for enterprise research and career opportunity exploration.

At the exchange meeting, Zhang Shougang introduced our production and operations, strategic planning, and school-enterprise cooperation. He stated that he hoped both parties would build on the existing cooperation outcomes to further deepen synergy, integrate their strengths in areas such as scientific research innovation and talent development, and jointly explore diversified innovative talent development models.

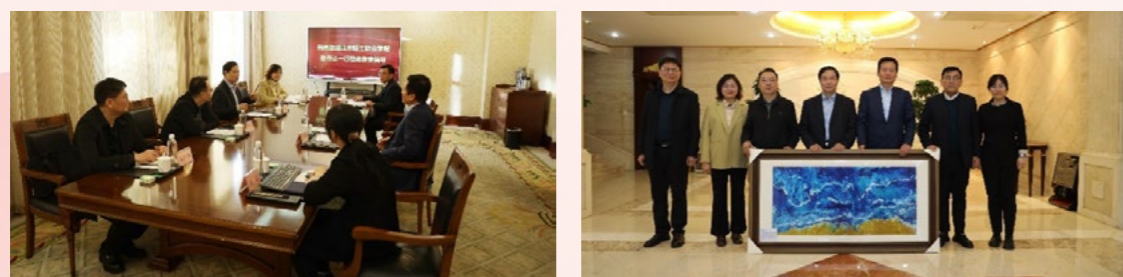
The Vice President of Xi'an Polytechnic University provided a detailed introduction to the School's achievements in running the institution, talent cultivation, and employment-related work. He expressed the hope that the two parties could establish a regular communication mechanism to promote precise alignment between talent cultivation and industry needs, achieve resource sharing and complementary advantages, and support the enterprise's high-quality development.



[Case] Fan Guijun From Shandong Vocational College for Light Industry Visited the Company for Research Tour

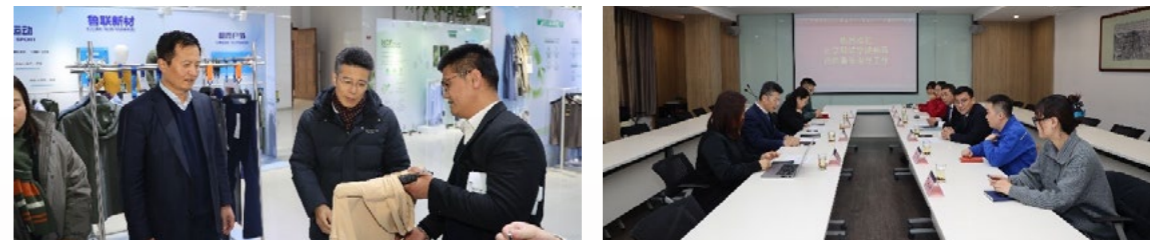
On April 2, 2025, a delegation led by Shandong Vocational College for Light Industry visited our Company for a research tour. Chairman Liu Zibin hoped that, on the basis of research and exploration, both the school and the enterprise would promptly summarize their experience and develop their cooperation into a replicable and scalable branded model for running schools. The Chairman stated that Lu Thai will continue to support the development of education as always, and are willing to work hand in hand with the College to deepen cooperation, continuously explore new models of school-enterprise collaboration, take talent-related work as an important pillar, and achieve a win-win-win outcome for the school, the enterprise, and the students.

The College leadership stated that the College will focus on corporate needs, promote small-class, high-quality, and precision education, take root in the regional economy, and better serve corporate development. The College will actively explore areas including the curriculum system, talent development, and school-enterprise cooperation, and look forward to working with Lu Thai to develop more areas of cooperation.



[Case] Beijing Institute of Fashion Technology Visited the Company to Conduct a University-enterprise Cooperation Exchange Event

On January 16, 2025, a delegation led by the Beijing Institute of Fashion Technology visited the Company to conduct an enterprise visit and research survey, and to carry out exchanges on school-enterprise cooperation. At the symposium, attendees conducted in-depth exchanges and discussions on school-enterprise cooperation, talent development mechanisms, textile technology, industry development trends, and other topics.



Welfare and charity actions

The Company has always adhered to its original mission, actively participated in public welfare and charity activities, and continuously donated to public welfare and charity projects, to share the achievements of enterprise development with society through practical actions.

[Case] Chairman Liu Zibin's Visit to Centenarians

On October 28, on the eve of the Double Ninth Festival, Chairman Liu Zibin, also President of the Company, visited centenarians across the district, extending his holiday greetings and best wishes.

At each stop, the Chairman had a cordial conversation with their family members, learned in detail about their health conditions, and presented condolence payments. He also urged the elderly's children and relatives to take good care of the elderly's daily living and personal needs. Seeing that the elderly were in good health and their families were harmonious, the Chairman was genuinely pleased for them. The elderly and their family members also expressed their heartfelt gratitude for this weighty care and concern.

Previously, a ceremony was held in which Chairman Liu Zibin donated RMB2 million to centenarians across the entire district, and district leaders attended the donation ceremony.



On-site Visit Scene

[Case] Donation of Shirts to the Textile Vision Science & Education Foundation

To build a socialist harmonious society, carry forward the spirit of humanitarianism, and promote the development of public welfare undertakings, Lu Thai donated 10,000 shirts to the Textile Vision Science & Education Foundation.



[Case] Poverty Alleviation and Assistance for Those in Need

Luthai Group supported the national rural revitalization strategy by assisting people living in poverty and donating to rural development projects. In 2025, the Company distributed Spring Festival gifts—over 7,000 buckets of cooking oil—to residents in 16 surrounding villages and communities.

Key Performance Indicators

Economic performance

Indicator (Unit)	2023	2024	2025
Operating revenue (RMB' 00,000,000)	51.96	60.91	59.04
Payments to contractors and service providers (RMB' 00,000,000)	4.72	2.61	3.34
Total employee remuneration (including compensation and benefits) (RMB' 00,000,000)	15.49	16.07	15.9
Payments to capital providers (RMB' 00,000,000)	1.85	3.32	2.6
Payments to the government (RMB' 00,000,000)	3.72	3.55	4.5
Retained economic value (RMB' 00,000,000)	3.10	1.97	4.41

Environmental performance

Data related to wastewater and sewage

Indicator (Unit)	2023	2024	2025
COD (Chemical Oxygen Demand) in discharged wastewater (ton)	283	248	243
Ammonia nitrogen content in discharged wastewater (ton)	3	3	2
Industrial wastewater discharge (10,000 cubic meters)	311	291	261

* $D = \rho * Q * 10^{-6}$ (D—the emissions of a certain pollutant during the accounting period, t; ρ —the mass concentration of a certain pollutant in wastewater, mg/L; Q—the wastewater discharge volume during the accounting period, m³)

Air pollutant emissions

Indicator (Unit)	2023	2024	2025
Sulfur dioxide in emitted exhaust gas (ton)	1	0.2	0
Nitrogen oxides in emitted exhaust gas (ton)	3	1.03	1.65

* $D = \rho * M * 10^{-9}$ (D—the emissions of a certain pollutant during the accounting period, t; ρ —the mass concentration of a certain pollutant in exhaust gas, mg/m³; M—the exhaust gas flow rate during the accounting period, m³)

Waste discharge

Indicator (Unit)	2023	2024	2025
Hazardous waste generation (ton)	41	36	41
Non-hazardous waste generation (sludge) (ton)	12,462	11,420	12,115

Greenhouse gas emissions

Indicator (Unit)	2023	2024	2025
Mobile sources emissions (tons of carbon dioxide equivalent)	2116	1922	1871
Stationary source emissions (tons of carbon dioxide equivalent)	10,520	10,859	12,330
Category 1 emissions (tons of carbon dioxide equivalent)	12,636	12,781	14,201
Consumption of purchased power (tons of carbon dioxide equivalent)	169,964	163,301	152,068
Consumption of purchased heat (tons of carbon dioxide equivalent)	121,992	127,643	124,225
Category 2 emissions (tons of carbon dioxide equivalent)	291,956	290,944	276,293
Total (tons of carbon dioxide equivalent)	304,592	303,725	290,494

Energy consumption density

Indicator (Unit)	2023	2024	2025
Greenhouse gas emission intensity (tCO ₂ e per million revenue)	51.1	49.9	49.2
Total energy emission density (tons of standard coal per million revenue)	13.1	12.9	12.84

Human resources

Protection of employee rights and interests

Indicator (Unit)	2023	2024	2025
Employment contract signing rate (%)	100	100	100
Social insurance coverage (%)	100	100	100
Signing rate of collective bargaining agreement (%)	100	100	100
Number of female employees with parental leave during the year (person)	672	796	742
Number of male employees with parental leave during the year (person)	287	182	147

Employee diversity

Indicator (Unit)	2023	2024	2025
Employee diversity			
Total number of incumbent employees (person)	22,850	23,988	23,593
Total number of male employees (person)	9,317	10,432	9,972
Proportion of male employees (%)	41	43	42
Total number of female employees (person)	13,533	13,556	13,621
Proportion of female Employees (%)	59	57	58
Employee age			
Total number of employees aged under 30 (person)	9,671	9,814	9,363
Proportion of employees aged under 30 (%)	42	41	40
Total number of employees aged above 30 (person)	13,179	14,174	14,230
Proportion of employees aged above 31 (%)	58	59	60
Education background of employees			
Bachelor or above (person)	1,319	1,555	1,571

Junior college (person)	3,726	4,517	3,982
High school or below (person)	17,805	17,916	18,040
Nationality			
China (%)	51	46	44
Foreign employees (%)	49	54	56

Employee turnover

Indicator (Unit)	2023	2024	2025
Total number of new employees (person)	3,338	6,648	7,017
Employee turnover rate(%)	13	20	20

Employee training

Indicator (Unit)	2023	2024	2025
Training participants (person)	22,850	23,988	23,593
Average training hour (hour)	56	56	56
Training coverage rate (%)	100%	100%	100%

Reader Feedback

Dear readers:

Greetings! Thank you for reading this Report. In order to keep improving report preparation, we want to hear your opinions and suggestions. Please help us by telling us your answers to the questions in the feedback sheet via one of the methods listed below:

Mail address: 81 Songling East Road, Zichuan District, Zibo City, Shandong Province

Tel: 0533-5188888

Your information

Name:	_____	Institution that you work for:	_____
Position:	_____	Tel:	_____
Fax:	_____	Email:	_____

Choice questions (Please mark ✓ in the proper box)

Question	Very good	Reasonably good	Neither good nor bad	Not really good	Very bad
This report comprehensively and accurately reflects the significant impact of Lu Thai Textile on the economy, society and environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The report's response to and disclosure of stakeholder concerns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information, indicators and data disclosed in this report are clear, accurate and complete	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The readability of this report, namely the logical thread, content design, language and layout design of the report language and layout design of the report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Open-ended questions:

1. What aspect of this report do you find most satisfying?
2. What else do you think you need to know that is not reflected in this report?
3. What suggestions do you have for our future preparation of ESG reports?



Scan the QR code to provide feedback to us.