



Lushang Life Services Co., Ltd.
鲁商生活服务股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2376



2024

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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1. ABOUT THIS REPORT

1.1. INTRODUCTION

For the convenience of expression and reading, Lushang Life Services Co., Ltd. is referred to as “**Lushang Services**”, the “**Company**”, “**we**” or “**us**” in this report. This report is the third sustainability report published by Lushang Services since its listing. It aims to disclose the Company’s contributions and performance in terms of environmental, social and governance (“**ESG**”) in a transparent and open manner, so as to respond to the concerns and expectations of various stakeholders on the Company’s sustainability management.

1.2. REPORTING PERIOD

The reporting period for the content of this report is from January 1, 2024 to December 31, 2024 (the “**Reporting Period**” or “**Year**”). In order to enhance the comparability and completeness of this report, certain content also appropriately covers prior and subsequent periods. Unless otherwise indicated, the scope of this report is the same as that of the 2024 annual report of the Company.

1.3. REPORTING SCOPE

This report covers Lushang Services and its subsidiaries, including Lushang Life Services Co., Ltd. (“**Lushang Services Company**”), Shandong Lushang Architectural Design Co., Ltd. (“**Lushang Design**”), Shandong Blue Shore Garden Engineering Co., Ltd. (“**Shandong Blue Shore**”), Shandong Licheng Shanlin Catering Management Limited (“**Shandong Licheng Catering**”), Daantong (Shandong) Mechanical and Electrical Equipment Engineering Co., Ltd. (“**Daantong Mechanical and Engineering**”), Shandong Lushang Tang’an Property Co., Ltd. (“**Lushang Tang’an Property**”) as well as branches in various cities and projects directly under the Company.

1.4. BASIS FOR THE PREPARATION OF THIS REPORT

This report is prepared mainly in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**” or “**Stock Exchange**”) and with reference to the United Nations’ Sustainable Development Goals (“**SDGs**”) Corporate Action Guidelines.

1.5. PRINCIPLES OF REPORTING

The preparation process of this report follows the principles of “materiality”, “quantitative”, “balance” and “consistency” in the ESG Reporting Code issued by the Stock Exchange to fully and accurately respond to stakeholders’ concerns about Lushang Services. The principles of reporting are as follows:

1. ABOUT THIS REPORT

Table: Principles of reporting

Principles of reporting	Definitions	Response of the Company
Materiality	According to the ESG Reporting Code, materiality refers to the threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders that they should be reported.	The Company fully considered its business characteristics, communicated with stakeholders to identify material ESG issues at present, submitted them to the Board for consideration and final approval, and engaged a third-party professional institution to prepare this report.
Quantitative	Key performance indicators (“ KPIs ”) in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The KPIs of the Company in environmental and social aspects are presented in the form of quantitative information with accompanying narratives to facilitate evaluation and validation.
Balance	The report should provide an unbiased picture of the Company’s ESG performance. The report should avoid selections that may inappropriately influence a decision or judgment by the report reader.	This report objectively, fairly and truly reflects the effectiveness and practice of the Company’s ESG management work in 2024.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	Following the principle of consistency, the Company will consistently disclose ESG information in the following years to facilitate comparisons over time.

1.6. SOURCES OF INFORMATION

The information in this report is derived from the Company’s official documents, statistical data or publicly available information, and has been approved by the internal supervision mechanism. The Board of the Company is responsible for the authenticity, accuracy and completeness of the content of this report and has confirmed that it has reviewed and approved this ESG Report on March 21, 2025.

1.7. ACCESS TO THIS REPORT

This report is available in Chinese and English versions for readers’ reference, and is published in electronic form. You can download this report from the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.lushangfuwu.com).

2. ABOUT THE COMPANY

2.1. COMPANY PROFILE

Lushang Life Services Co., Ltd. is a comprehensive property management service provider with a market leading position in Shandong Province and a proven track record of rapid growth. Headquartered in Jinan, Shandong Province, the Company has, through 18 years of development since its inception in 2006, expanded its coverage to nearly all prefecture-level cities in Shandong Province and to Beijing and Harbin. According to China Index Academy, Shandong Province, one of the most populous and economically prosperous provinces in China, has been and will continue to be our strategic development center. According to data from the National Bureau of Statistics, as of December 31, 2024, Shandong Province's GDP ranked third among China's provinces, and the per capita annual disposable income of residents in Shandong Province was higher than the Chinese average. Throughout our development, we have been committed to conducting our business under the vision of "serving a better life and sharing happiness". We believe that our commitment to customer satisfaction and customer-oriented culture have shaped our brand image and helped us establish a leading market position in Shandong Province.

2.2. BUSINESS SEGMENTS

The Company's business primarily includes three business lines: (1) property management services; (2) value-added services to non-property owners; and (3) community value-added services.

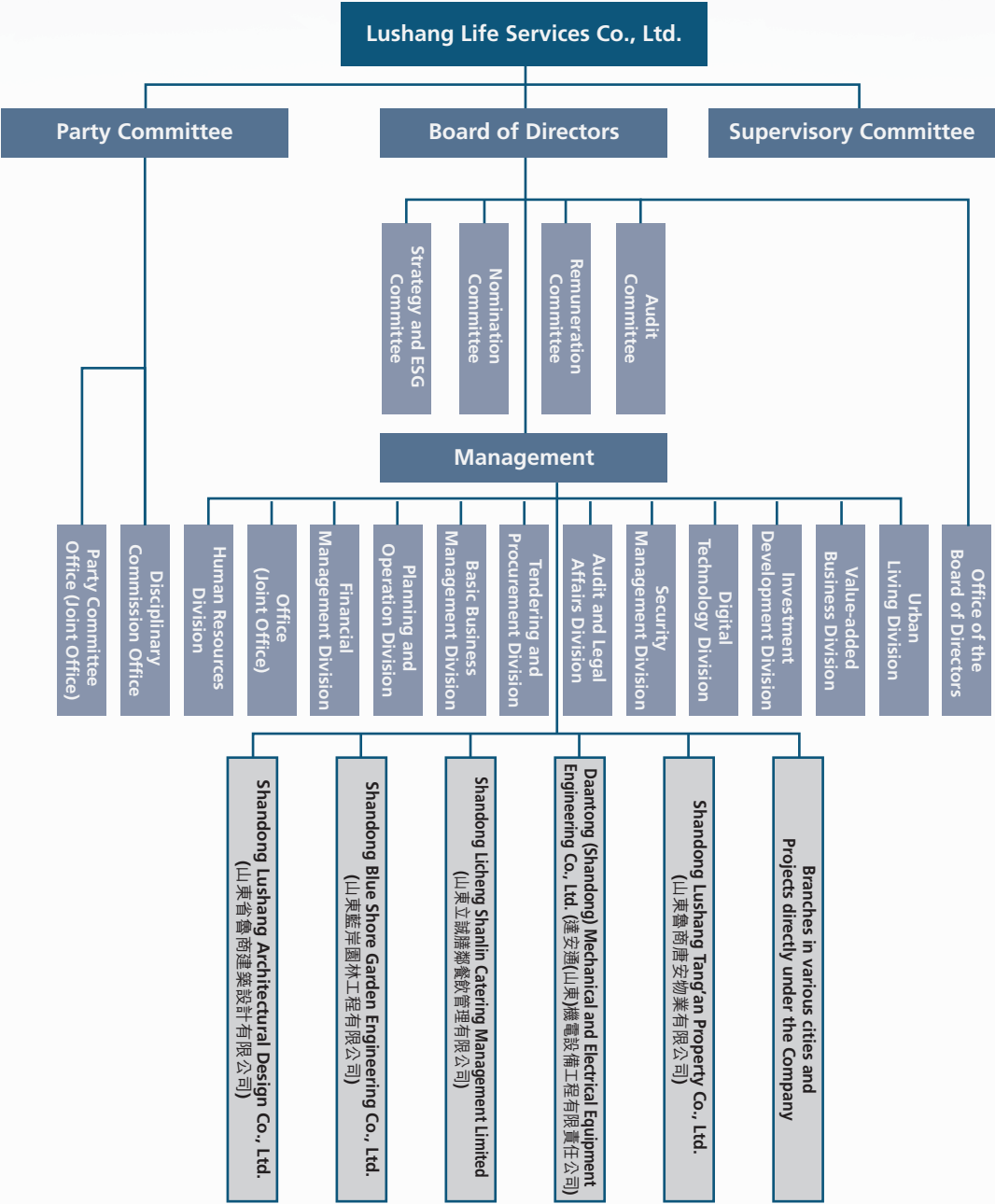
Property Management Services. The Company provides property developers, property owners (including public entities), residents and tenants with a wide range of property management services, comprising cleaning, security, greening, repair and maintenance, public area maintenance and other property management related services. The Company manages a diverse portfolio of properties, including residential properties, commercial properties such as commercial complexes, office buildings and apartments, and public properties including municipal facilities such as city roads, schools, theme towns, hospitals, banks and industrial parks.

Value-added Services to Non-Property Owners. The Company's value-added services to non-property owners primarily consist of: (1) design services, where we provide property developers and schools with preparation of construction blueprints and relevant design plans; (2) patrol and security management for construction sites, and consulting services in which we advise on various stages of property developers' business operations; (3) landscaping services; (4) pre-delivery services; and (5) other customized services such as repair and maintenance services.

Community Value-added Services. The Company's community value-added services primarily consist of: (1) community space and resource management services; (2) parking space management services; (3) utility management services; and (4) community living services.

2. ABOUT THE COMPANY

2.3. ORGANIZATIONAL STRUCTURE

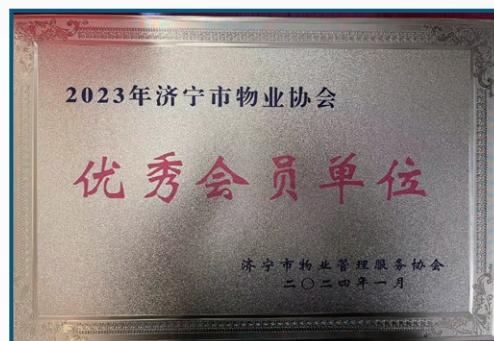


2. ABOUT THE COMPANY

2.4. HONORS



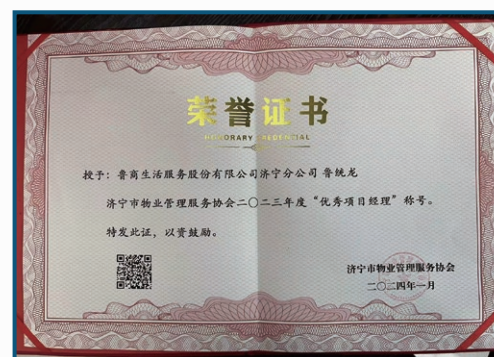
Lushang Services was awarded 2024 Leading Enterprise in Property Management Market in Shandong Province (2024年山東省物業服務市場地位領先企業)



In January 2024, Lushang Services was awarded the title of "Best Member of 2023" (2023年度最佳會員單位稱號) by the Shandong Property Management Association (山東省物業管理協會)



Lushang Services was awarded the honorary title of "Shandong Province Honest Enterprise" (山東省誠信企業), and Wang Zhongwu, the Party Secretary and the Chairman, was named "Shandong Province Outstanding Honest Entrepreneur" (山東省優秀誠信企業家)



In January 2024, Jining Branch of Lushang Services was awarded the title of "Outstanding Member of 2023" (2023年度優秀會員單位稱號) by Jining Property Management Services Association (濟寧市物業管理服務協會) and Lu Tonglong (魯統龍), the person in charge of Jining Nanchi Mansion project (濟寧南池公館項目), was awarded the title of "Excellent Project Manager" (優秀項目經理)

2. ABOUT THE COMPANY

1. 2023年济南市物业服务管理面积领先企业	
序号	企业名称
1	山东明德物业管理集团有限公司
2	山东省诚信行物业管理有限公司
3	山东宏泰物业发展有限公司
4	中土物业管理集团有限公司
5	济南福仁城市运营服务有限公司
6	鲁商生活服务股份有限公司
7	招商局积余产业运营服务股份有限公司济南分公司

1. 2023年济南市物业服务营业收入领先企业	
序号	企业名称
1	山东省诚信行物业管理有限公司
2	山东明德物业管理集团有限公司
3	山东宏泰物业发展有限公司
4	招商局积余产业运营服务股份有限公司济南分公司
5	山东润华物业管理有限公司
6	银丰智慧物业服务集团有限公司
7	鲁商生活服务股份有限公司
8	中土物业管理集团有限公司

1. 2023年济南市物业服务综合实力领先企业	
序号	企业名称
1	山东省诚信行物业管理有限公司
2	山东明德物业管理集团有限公司
3	山东宏泰物业发展有限公司
4	山东润华物业管理有限公司
5	鲁商生活服务股份有限公司
6	银丰智慧物业服务集团有限公司

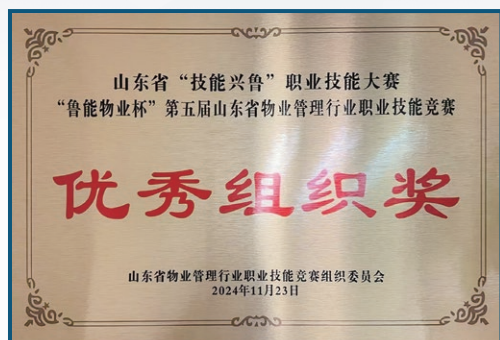
1. 2023年济南市物业服务企业履行社会责任领先企业	
序号	企业名称
1	山东省诚信行物业管理有限公司
2	银丰智慧物业服务集团有限公司
3	山东明德物业管理集团有限公司
4	中土物业管理集团有限公司
5	中海物业管理股份有限公司济南分公司
6	鲁商生活服务股份有限公司
7	济南新城物业管理有限公司

In the officially released 2023 Yearbook of Property Management Industry in Jinan (《2023济南物业管理行业年鉴》), Lushang Services was awarded honors, including “2023 Jinan City Property Service Comprehensive Strength Leading Enterprise” (2023年济南市物业服务综合实力领先企业), “2023 Leading Enterprise in Terms of Operating Income from Property Service in Jinan” (2023年济南市物业服务营业收入领先企业), “2023 Leading Enterprise in Terms of Fulfilling Social Responsibilities in Property Service Industry in Jinan” (2023年济南市物业服务企业履行社会责任领先企业) and “2023 Leading Enterprise in Terms of Property Service Management Area in Jinan” (2023年济南市物业服务管理面积领先企业)

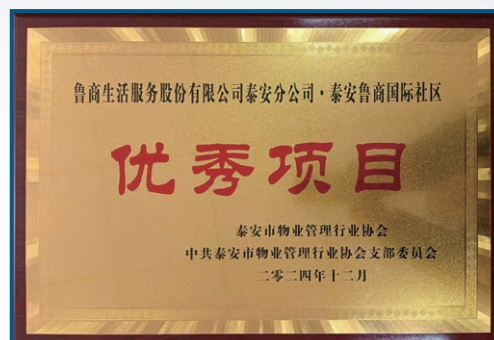


Lushang Services was awarded the honorary title of “Rural Revitalization Partner” (乡村振兴合伙人) by Yuanquan Town, Zibo City

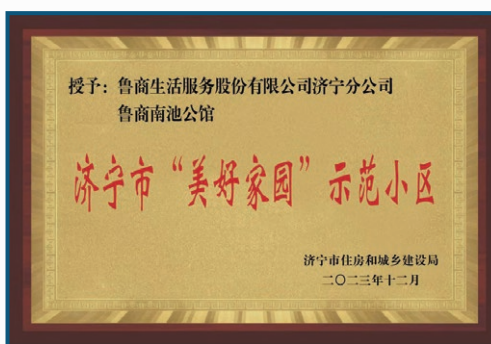
2. ABOUT THE COMPANY



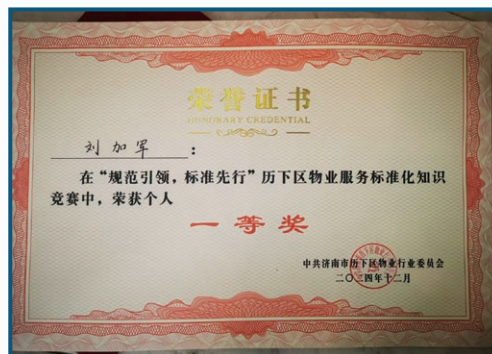
Lushang Services won the "Excellent Organization Award" (優秀組織獎) of the Shandong Province "Skills to Prosper Shandong" Vocational Skills Competition and the 5th Shandong Property Management Industry Vocational Skills Competition (山東省「技能興魯」職業技能大賽第五屆山東省物業管理行業職業技能大賽)



The Lushang International Project (魯商國際項目) of Tai'an Branch of Lushang Services was rated as the "Excellent Project" (優秀項目) in Tai'an City in 2024 by the Tai'an Property Management Industry Association (泰安市物業管理行業協會)



The Jining Nanchi Mansion project (濟寧南池公館項目) of Lushang Services was rated as a "Beautiful Home" (美好家園) demonstration community in Jining by the Jining Housing and Urban-Rural Development Bureau (濟寧市住房和城鄉建設局)



Lushang Services won the first prize in group category in the Lixia District Property Service Standardization Knowledge Competition (曆下區物業服務標準化知識競賽), and the person in charge of the Inzone Jingdu Project (銀座晶都項目) of Lushang Services won the first prize as an individual

3. SUSTAINABILITY MANAGEMENT

3.1. STATEMENT OF THE BOARD

The Board believes that promoting sustainable development is as important as achieving long-term business growth. As such, we are continuously committed to maintaining a high degree of sustainable development in business operations, promoting sustainable development plans in areas such as sound corporate governance, environmental protection, labor rights and community development, and actively communicating and maintaining good relationships with stakeholders such as customers, investors, the government, suppliers and non-profit organizations.

3.2. ESG GOVERNANCE STRUCTURE

The Company has established a top-down ESG governance structure and supervision mechanism. The Board, being the highest decision-making body among the ESG governance structure, assumes full responsibility for the Company's ESG strategy and reporting, regularly monitors the Company's ESG issues, performance, climate risks and opportunities, and periodically reviews, discusses and approves the Company's ESG governance policies, strategy and risks.

The Board has established the Strategy and ESG Committee, and has authorized the Strategy and ESG Committee to perform its responsibilities within its terms of reference. The Strategy and ESG Committee refines and implements ESG-related work based on the major issues, strategies and guidelines derived from the ESG materiality assessment; formulates and implements policies on improving the Company's ESG performance; coordinates the annual ESG reporting work; reviews and evaluates the content and quality of ESG reports to ensure that the ESG report satisfies the requirements of the Board and through materiality assessment and collection of ESG matters of concern to investors, determines specific implementation strategy and reports to the Board and informs the Board on the Company's ESG performance, vision and strategy through board meetings, special reports and other relevant communication channels. Each department is responsible for implementing the ESG management strategy, and continuously keeping track of the progress of ESG management targets.

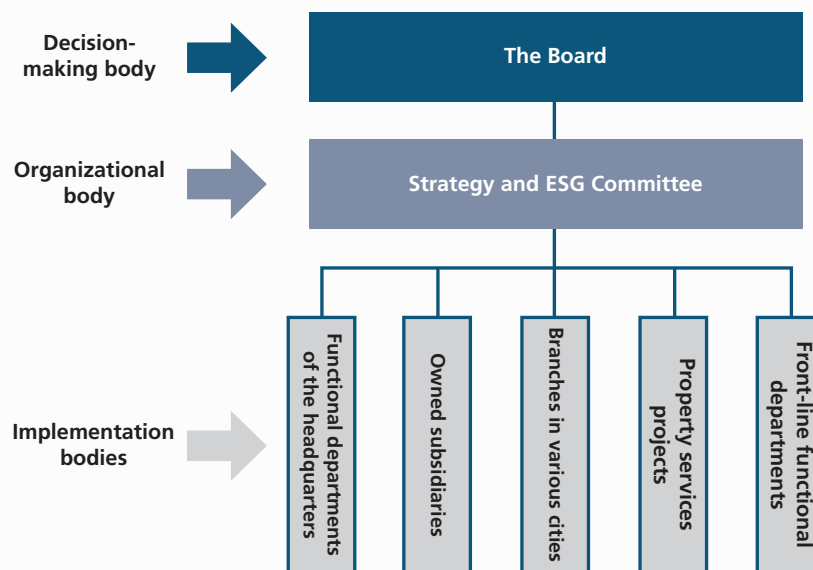


Diagram: ESG governance structure of the Company

3. SUSTAINABILITY MANAGEMENT

3.3. COMMUNICATION WITH STAKEHOLDERS

Sustainable development is inseparable from the opinions of stakeholders. Lushang Services maintains close contact with stakeholders, including but not limited to shareholders and investors, customers and property owners, government departments and regulatory authorities, partners and employees, and is committed to creating a multi-tier and multi-channel communication mechanism to receive suggestions from stakeholders. The Company has incorporated relevant issues into its development, actively responded to the demands and expectations of stakeholders, and enhanced its sustainable development capabilities. The following table presents the key issues concerned by and the main communication channels with various stakeholders:

Table: Communication channels with and issues concerned by key stakeholders

Key stakeholders	Communication channels	Issues concerned
Government and regulatory authorities	Policy implementation and reporting Information disclosure Routine inspections by government departments	Compliant operations Participation in public governance Emissions management
Shareholders and investors	General meeting Investor hotline Company announcement Results conference Roadshow and reverse roadshow	Operational performance Improvement of information transparency Risk control Sustainable profitability
Customers/Property owners	Customer satisfaction survey Customer service hotline Community cultural activity	Service quality Customer privacy protection
Employees	Democratic life meeting Employee representatives' meeting Employee activity Complaints and feedback	Employee rights and benefits Employee development and promotion Occupational health and safety
Suppliers/Partners	Tendering and procurement communication Supplier management system	Supply chain management Anti-corruption
Media and non-governmental organizations	Social media Official website Press conference Exchange meeting	Protection of ecological environment Support to charity activities Development of community welfare
Communities	Forum Charity activity Community activity	Community building Community culture Emissions
Industry associations	Exchange meeting Social media Information disclosure	Employment Anti-corruption Emissions

3. SUSTAINABILITY MANAGEMENT

3.4. DETERMINATION OF MATERIAL ISSUES

According to the definition and identification of material issues, questionnaire surveys and assessment and selection of material issues, the Company identified 30 ESG issues of concern to the Company and its stakeholders pursuant to the ESG Reporting Code issued by the Hong Kong Stock Exchange and the Sustainability Reporting Standards issued by the GRI and in line with the actual development of Lushang Services with further supplements and optimizations based on the issues in 2023. By carrying out stakeholder surveys and expert opinion consultation, the materiality of material issues has been sorted from two aspects, i.e. the materiality of the economic, environmental and social impact of Lushang Services, and the materiality of the impact on stakeholders' assessment and decision-making. According to the assessment results, issues such as employment compliance, environmental compliance, operational compliance and standardization, employee rights, remuneration benefits, occupational health and safety, anti-corruption and anti-money laundering, work hours and holidays, training and development, anti-child labor and forced labor, information security protection, products and services quality are of the highest materiality. Based on the above ESG materiality assessment results, we have made detailed disclosure on key issues in the corresponding chapters to better respond to the concerns and expectations of various stakeholders.

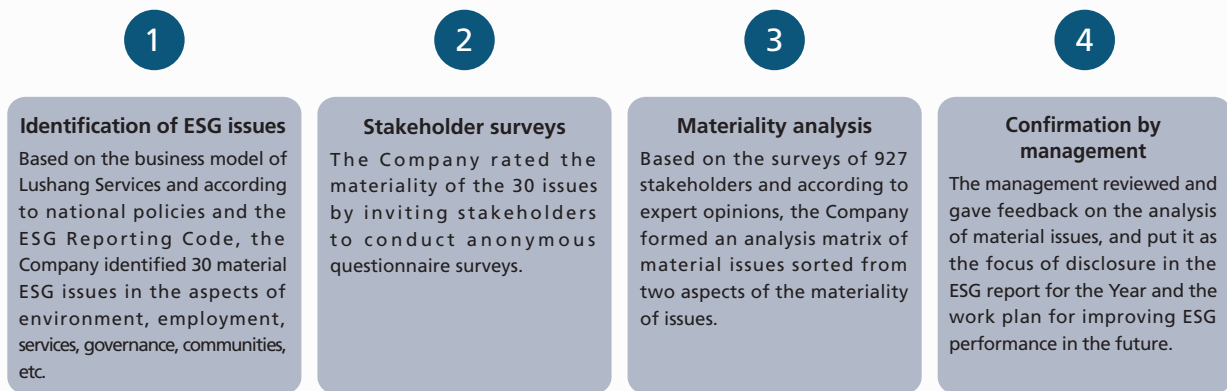
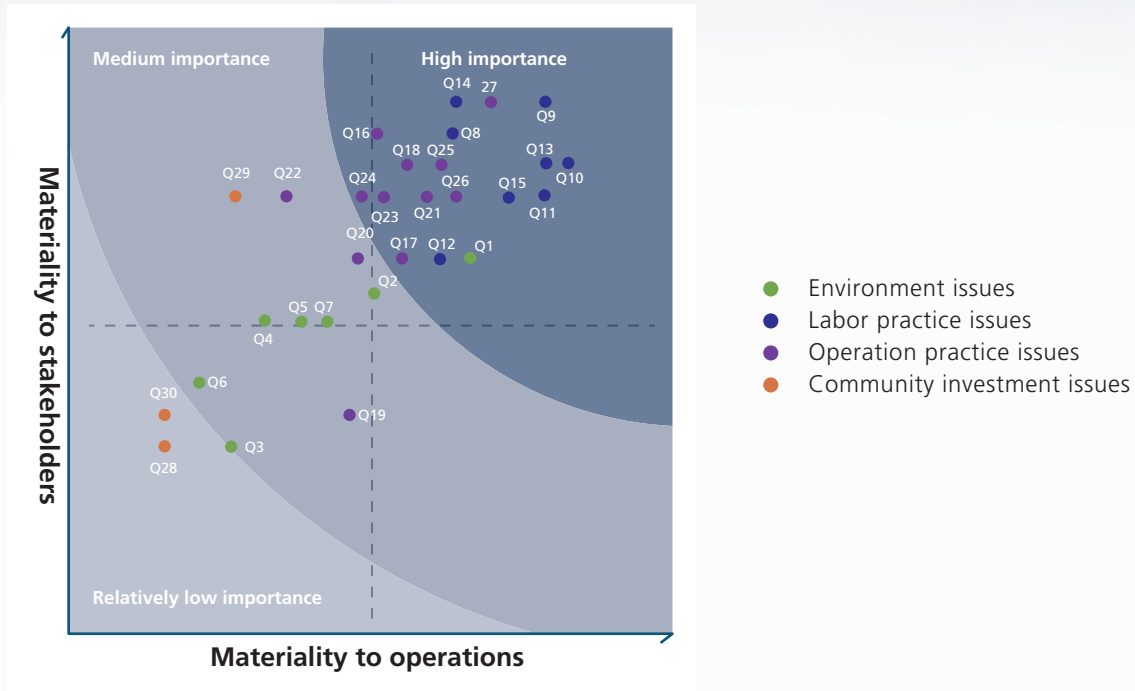


Diagram: Analysis process of material issues

3. SUSTAINABILITY MANAGEMENT



In 2024, the Company identified 16 important ESG-related issues, which will be discussed in detail in each chapter of this report.

Issues	Highly important issues	Corresponding chapters
Environment	1. Environmental compliance	7. Green Operations and Sustainable Development
Employment	8. Employment compliance	6. Be People Oriented and Foster Mutual Development
	9. Employee benefits	6. Be People Oriented and Foster Mutual Development
	10. Remuneration and benefits	6. Be People Oriented and Foster Mutual Development
	11. Work hours and holidays	6. Be People Oriented and Foster Mutual Development
	12. Diversity and equal opportunities	6. Be People Oriented and Foster Mutual Development
	13. Occupational health and safety	6. Be People Oriented and Foster Mutual Development
	14. Training and development	6. Be People Oriented and Foster Mutual Development
	15. Anti-child labor and forced labor	6. Be People Oriented and Foster Mutual Development
Operation practice	16. Operational compliance and standardization	4. Strictly Control Risks and Practise Honestly
	18. Products and services quality	5. Premium Quality and Service Excellence
	21. Customers/owners health and safety	5. Premium Quality and Service Excellence
	23. Customer services management	5. Premium Quality and Service Excellence
	25. Information security protection	5. Premium Quality and Service Excellence
	26. Customers privacy protection	5. Premium Quality and Service Excellence
	27. Anti-corruption and anti-money laundering	4. Strictly Control Risks and Practise Honestly

3. SUSTAINABILITY MANAGEMENT

SPECIAL TOPICS: 103RD ANNIVERSARY OF THE FOUNDING OF THE CHINESE COMMUNIST PARTY – LUSHANG SERVICES ORGANIZED A SERIES OF ACTIVITIES TO CELEBRATE THE FOUNDING DAY ON JULY 1ST

To celebrate the 103rd anniversary of the founding of the Chinese Communist Party, inherit and carry forward the glorious traditions and fine practices of the Party, continuously improve Party spirit, strengthen the awareness of discipline and rules, deepen the study and education of the Party discipline, and stimulate the internal motivation of work, the Party Committee of Lushang Services carefully organized a series of activities to celebrate the Founding Day on July 1st, thereby contributing to the Party with practical actions on its anniversary.

Revolutionary education “recalls” its original intention

With the coming of July 1st, the Party Committee of Lushang Services organized party members and cadres to go to the Shandong Veterans Memorial Square to carry out the theme party day activity of “Learning discipline, rectifying work styles, strengthening party spirit, taking responsibility and working hard to create new achievements” (學紀正風強黨性·擔當實幹建新功). By visiting the Shandong Veterans Memorial Hall and paying tribute to the revolutionary martyrs, the Party Committee of Lushang Services further purifies the minds of party members, deepen their understanding with respect to the study and education of party discipline, inspire everyone to take on responsibilities and make new contributions, and inject new vitality into high-quality development.



3. SUSTAINABILITY MANAGEMENT

Discipline Party Classes “Strengthen” the Core

In order to promote the study and education of party discipline in depth and effectively, members of the Party Committee of Lushang Services took the lead in teaching the class on party discipline, guiding the party members to deeply study, understand and abide by party discipline, and using strict discipline to promote the in-depth development of stringent party governance. The secretaries of each party branch then, based on the actual situation of the branch, vividly conveyed the necessity, importance and urgency of the party’s discipline building through various forms such as theoretical explanation, case analysis, and interactive discussion, and hence guide party members and cadres to use strict discipline to safeguard the Company’s high-quality development.



Studying the rules to “build” our heart

The party branches of Lushang Services have taken a variety of measures to grasp the study of the “Regulations on Disciplinary Punishment of the Communist Party of China” (《中国共产党纪律处分条例》) in a timely, practical and solid manner. Through group learning, individual self-study, secretary-led learning, and mutual learning among party members, Lushang Services enhanced party members’ awareness of discipline and public services, and carried out party discipline knowledge tests to test party members and cadres’ understanding and mastery of party rules and regulations, ensuring that every party member and cadre can deeply understand the spirit of the “Regulations on Disciplinary Punishment of the Communist Party of China”, and such that every member and cadre are fully aware of and are cautious to the Regulation with respect, and will be abided by the rules and regulations. This helped acquire knowledge through learning and act properly with knowledge.



3. SUSTAINABILITY MANAGEMENT



Benchmarking and “building” together

Every party branch of Lushang Services, closely combining the actual grassroots party building work and business development needs, carried out in-depth party building benchmarking and co-construction activities. By learning from each other's excellent experiences, Lushang Services strived to promote business cooperation and mutual development while improving the standard of party building work. The activity also deepened the study and education of party discipline and rules through studying the “Regulations on Disciplinary Punishment of the Communist Party of China” and watching warning education films, so that party members can fully realize the importance of observing party discipline and rules while the party discipline education is truly internalized. The implementation of joint party-building activities has laid a solid foundation for jointly promoting high-quality party building to lead high-quality development in the future.



3. SUSTAINABILITY MANAGEMENT

Caring and loving care “warms” people’s hearts

The party branches of Lushang Services and the communities visited and expressed their condolences to the needy and veteran party members in their respective area, sending them holiday care, asking about their physical condition, family and living conditions, listening to their voices, and urging them to take good care of themselves, so that they could feel the care and warmth of the party organization.



3. SUSTAINABILITY MANAGEMENT

Caring for employees and “showing” sincerity

In order to continuously promote the “Practical Actions for Everyone” (我為群眾辦實事) activity, and safeguard the physical and mental health and production safety of front-line workers, the Party Committee members of Lushang Services visited front-line workplaces and sent cooling items such as mineral water and watermelons to front-line employees, thereby conveying the care of Party organizations and the labor union to employees. The members advised everyone to pay attention to heatstroke prevention and cooling during high temperatures, strengthen self-protection, and ensure physical health and work safety.



3. SUSTAINABILITY MANAGEMENT

Cultural performance for showing “Loyalty” Red Heart

In order to enrich the community’s cultural life and inherit the red classic culture, the Inzone Garden project (銀座花園項目) under the Party Branch of Jinan Branch of Lushang Services and the community jointly held a cultural performance to celebrate the Founding Day on July 1st. Party members, cadres and the people worked together to express their gratitude to the Party through various art forms such as singing, dancing, recitation, and Chinese opera, and expressed admiration to the Party’s great achievements and the happy and beautiful new life. This activity not only strengthened the harmonious relationship among neighbors, but also inspired the unity of community Party members and residents to work together to build a better home.



The series of activities to celebrate the Founding Day on July 1st have enhanced the cohesion, appeal and effectiveness of all Party organizations of Lushang Services, and further inspired the Party spirit, patriotism, dedication and hard work among all cadres and employees of Lushang Services. In the next step, Lushang Services will firmly focus on the general requirements of high-quality development, adhere to the corporate mission as “a comprehensive service provider for people’s better life”, in order to vigorously promote the political style of perseverance and the spirit of hard work, transform the results of party discipline learning and education into actions of fulfilling duties and overcoming difficulties, strive to improve quality, create value, expand scale, seek development, and work hard to promote the Company’s high-quality development, and make new contributions to make the Group as leading enterprise in modern commercial services with strong comprehensive competitiveness!

4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

The Company is committed to efficient governance, and has strictly complied with the relevant provisions of the Listing Rules of the Hong Kong Stock Exchange. The Company has established and enhanced its corporate governance structure, continuously improved the establishment of integrity, and set up whistle-blowing channels and whistle-blower protection systems, so as to effectively protect the Company's independent legal person status.

4.1. STANDARDIZING CORPORATE GOVERNANCE

In strict compliance with relevant laws and regulations such as the Company Law of the People's Republic of China (《中華人民共和國公司法》) and Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Company has standardized its operations and improved its corporate governance structure. The general meeting, the Board and the management have clearly defined responsibilities, cooperate with each other with checks and balances, and operate in a sound manner.

The Company has established four Board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Strategy and ESG Committee. During the Reporting Period, the Board consisted of three executive Directors, two non-executive Directors and three independent non-executive Directors, including four female Directors.

4.2. OPTIMIZING SYSTEMS AND MANAGING RISKS

The Company has established risk control procedures to regularly identify and evaluate the risks and opportunities that the Company may encounter, and prepared the "Risk and Opportunities Response Measures Table" (《風險和機遇應對措施表》) as reference for corresponding response measures. The Company has also revised and refined its rules, regulations and systems. To address the issues identified by the Company in preliminary litigation (arbitration) cases, the Company revised the Administrative Measures for Legal Disputes (《法律糾紛案件管理辦法》) to standardize the process for managing litigation (arbitration) and material non-litigation legal cases, clarify the assessment and accountability requirements for legal dispute cases, and improve the Company's ability in preventing risks of legal disputes. The Company formulated the Administrative Measures for Trademarks and Trade Names (《商標、字號管理辦法》) to standardize the procedures for registration and use of trademarks, reduce intellectual property risks in daily operations, and enhance the core influence and competitiveness of the Company's brands. The Company also revised systems such as the Administrative Measures for Audits (《審計管理辦法》), Administrative Measures for Economic Responsibility Audits of Key Leaders (《主要領導人經濟責任審計管理辦法》), Measures for Compilation and Review of Internal Audit Drafts (《內部審計工作底稿編審辦法》) and Interim Administrative Measures for Internal Audit Files (《內部審計檔案管理暫行辦法》) to strengthen audit quality and effectively identify and avoid risks.

At the same time, the Company has specifically established the Audit Committee, the main tasks of which include: revising the responsibilities of the Audit Committee; reviewing the Company's audit reports, results announcements and interim reports; communicating with the accountants on the Company's financial matters, and making recommendations regarding matters such as the audit system. The Company carries out regular and ad hoc identifications and special inspections on major risks. In 2024, the Company had no major risks.

4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

4.3. INTEGRITY ESTABLISHMENT

Lushang Services stringently complies with the law, never tolerates corruption, and strives to eliminate all acts of bribery, extortion, fraud and money laundering. The Company strictly complies with laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and Interim Provisions on Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), and has included the relevant content into the Employee Handbook (《員工手冊》), emphasizing that every employee should follow the code of integrity, and must not solicit and accept benefits. Strictly implementing the requirements of the Party Committee, Lushang Services identifies corruption risks in all aspects of its business process, conducts special supervision and inspection on relevant work, and thoroughly implements daily supervision, e.g. carrying out self-examination and self-rectification on "problems within the Company" (靠企吃企). At the same time, the Company also signed an integrity cooperation agreement with the third party to regulate the integrity of both parties during the cooperation process. The Company has regularly carried out integrity risk investigation, sorted out potential integrity risks of various positions, departments and units, assessed risk levels, studied and formulated prevention and control measures, and implemented the integrity risk prevention and control responsibility system, so as to prevent corruption from the source. To ensure the implementation of requirements of the code of integrity, Lushang Services has made immense efforts to ensure the absence of corruption during festivals, issued festival reminders on integrity during major festivals, held pre-festival warning and education sessions, and studied typical cases. In terms of selection and employment of talents, Lushang Services has dynamically updated its electronic integrity files, established paper integrity files for mid-level and above personnel, ensured the integrity of employees, and issued integrity opinions on key personnel to be promoted, commended and rewarded. In terms of integrity training, we pay attention to daily discipline and legal education, and have organized "integrity education classes" for all key personnel and employees of the Company. We organize Party integrity classes and integrity talks, show warning and education videos on typical cases, and arrange visits to the integrity education base to carry out warning and education activities, so as to ensure that corruption can be identified as early as possible, and can be eliminated before it is too late.

In 2024, the Company invited internal and external experts to provide anti-corruption training. Through case analysis, discussion and interactive training, the anti-corruption awareness and sensitivity of employees were improved. More than 500 people participated in the training throughout the year, including eight Board members and six members of senior management. Throughout 2024, no corruption-related lawsuits occurred within the Company.

4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

Case: Spring Festival Integrity Warning and Education Session and Pre-festival Reminder on Integrity Talk

In order to further implement the spirit of the Third Plenary Session of the 20th Central Commission for Discipline Inspection, maintain the strict tone, strict measures, and strict atmosphere for a long time, and create a clean and upright festival atmosphere, Lushang Services held a Spring Festival Integrity Warning Education Session and Pre-festival Reminder on Integrity Talk on January 24, 2024, requiring all Party members and cadres to strictly act on the spirit of the Central Eight Regulations, resolutely resist the vulgar habits of entertaining and giving gifts in violation of regulations, and celebrate the festivals with integrity, thrift and civility. The meeting showed an anti-corruption warning and education video to remind Party members and cadres to learn from the case, draw inferences from one instance, strictly abide by the rules of discipline and the law, and build a strong ideological line of defense against corruption.



4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

Case: “Adhere to Integrity, Celebrate the Festival with a Clean and Upright Atmosphere” (堅守廉潔講擔當，風清氣正過廉節) – Integrity warning and education activity

On September 5, 2024, in order to further enhance the awareness of honest practice and the ability to resist corruption and prevent degeneration among Party members and cadres, Lushang Services organized more than 50 Party members to go to the Integrity Warning and Education Cultural Corridor of Lishan Prison to carry out the integrity warning and education activity with the theme of “Adhere to Integrity, Celebrate the Festival with a Clean and Upright Atmosphere”. During the activity, a special film on prison work was shown to all participants. By listening to the personal stories of prisoners and their deep repentance for their own crimes, Party members and cadres have received a soul-stirring warning and education lesson. This serves as a guide to them for acting with cautious and abiding by the laws and regulations in their work and life, and helps establish a correct outlook on life and values, and consciously build a solid ideological defense for resisting corruption and preventing degeneration. This warning and education activity, through real scenes and vivid cases, allowed them to refresh their mind and to think deeply on integrity. All Party members and cadres will take this as a reference, continue to use negative examples to warn themselves, constantly enhance their awareness of discipline and rules, and truly “learn the rules, know the rules, understand the rules, and abide by the rules”, further enhance their Party spirit, be strict with themselves, prevent problems from happening, and keep a constant reminder, so as to create a clean and honest atmosphere for the Company’s high-quality development.



4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

Case: Ignite the flame of the May Fourth Movement and raise the sail of the Youth Integrity Movement – Visit to the Integrity Culture Exhibition Hall

In order to further educate and guide young cadres and employees to be cautious, respectful and abide by the laws and regulations, combined with the study and education of party discipline, with the coming of the May Fourth Youth Day, the Lushang Services Discipline Inspection Commission organized more than 30 young cadres to go to the Grassroots Integrity Culture and Education Exhibition Hall in Lixia District to carry out activities with the theme of “Youth Integrity” (青廉工程). During the activities at the Grassroots Integrity Culture and Exhibition Hall in Lixia District, young cadres and employees followed the “Red Footprints” to gain an in-depth understanding of the Party’s self-revolution and integrity construction, received warning education, and felt the positive energy of the integrity culture. After the event, they expressed their determination to strengthen their awareness of integrity and do their jobs well. Lushang Services will focus on promoting “Youth Integrity” to guide young cadres to continue to grow in political guidance, party spirit education, discipline and law education, and cultural activities, and help build up the ideology of honest employment. This event will inject new impetus into the inheritance and promotion of the culture of integrity, play a positive role in helping young cadres fasten the “first button” of honest employment, and contribute to cultivating an honest and upright work style and promoting the honest business practice of Lushang Services.



Moreover, the Company attaches great importance to the standardization of complaints and whistle-blowing reports. The Company has announced the method for making reports and accusations to the Disciplinary Commission, established the four-in-one (letters, visits, telephones and the Internet (信、訪、電、網)) platform for complaints and whistle-blowing reports, unblocked the complaints and whistle-blowing reporting channels, and accepted reports and accusations in a timely manner, thereby giving full play to the supervisory role of Party members and the public. The Company has also ensured that employees and external stakeholders (e.g. suppliers) in all places of business operations within the entire system can be aware of it. Meanwhile, the Company strictly keeps confidential the personal information of whistle-blowers. By virtue of the Company’s unremitting efforts in anti-corruption and anti-bribery, during the Reporting Period, Lushang Services did not have any corruption cases or litigation cases involving corruption.

4. STRICTLY CONTROL RISKS AND PRACTISE HONESTLY

4.4. PROTECTING INTELLECTUAL PROPERTY RIGHTS

Lushang Services strictly complies with laws and regulations on intellectual property rights such as the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and Enterprise Intellectual Property Compliance Management System—Requirements (《企業知識產權合規管理體系要求》), and encourages employees to actively pursue innovations while respecting and protecting the intellectual property rights of others. Lushang Services formulated and issued the Administrative Measures for Trademarks and Trade Names (《商標、字號管理辦法》) to help the Company establish a sound management system on trademark and trade names, standardize procedures on trademark registration and application, minimize intellectual property risks in daily operations, further enhance the level of intellectual property protection, and prevent others from unauthorized use or infringement of the rights of the Company's trademark and trade names. The Company also conducts regular inspections of office software and requires employees to use genuine software to avoid piracy and infringement of office software.

As of December 31, 2024, Lushang Services and its subsidiaries actively managed intellectual property rights, and owned 21 trademarks, 14 patents and 27 copyrights. Of which, the numbers of patents and copyrights have increased by 1 and 5 respectively as compared to 2023, demonstrating the initial results in the management of intellectual property rights. In the future, we will continue to strengthen intellectual property management to ensure that intellectual property is effectively protected and contribute to the Company's sustainable development.

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Lushang Services upholds the corporate mission of “being a service provider for a better life” and deeply understands customers’ needs, thereby providing diversified, refined, professional and personalized community services for property owners.

5.1. STRENGTHENED REFINED MANAGEMENT TO ENHANCE SERVICE QUALITY

LuShang Services actively strives to improve service quality and strengthen refined management by establishing benchmark projects, improving on-site quality, developing housekeeper services and deepening project management. We focus on developing a star service manual, training professional teams, and strengthening housekeeper services and engineering management to improve the overall service level. Through continuous improvement and innovation, Lushang Services is committed to providing customers with better and more professional services, and constantly enhancing its position and reputation in the industry.

Established benchmark projects: Based on the annual target plan, Lushang Services compiled a star service manual and formulated service grading standards to carry out three stages of benchmarking work. In the first stage, the Company selected projects, set standards, established benchmarks and strengthened assessment, and implemented 15 benchmark projects. In the second stage, based on the benchmark projects, the Company carried out cross-regional assistance to enhance benchmarking work. In the third stage, the Company implemented benchmarking learning for outstanding enterprises in the industry, strengthened rankings and strictly carried out assessment. Through the three stages of benchmarking learning, the Company has effectively solved the problem of poor operation quality. Based on the star standards and system documents, the Company organized trainings and examinations to effectively apply management standards into actual work scenarios. The Company established touchpoint scenarios and movement routes such as park entrances and exits and commuting routes according to local conditions to help maintain long-term service quality. During the Year, Lushang Services organized middle and senior management to pay on-site visits to outstanding enterprises in the industry for studies, and deeply explored the development concepts, business management, employee training, customer services and other aspects of those outstanding enterprises in order to create more benchmark projects and inject more vitality and innovative thinking into the Company’s development.



5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Improved on-site quality: Lushang Services has established a professional quality inspection team, improved the quality control system, solidified quality improvement measures, carried out special assistance work, strengthened special training, and overcome management shortcomings. In 2024, Lushang Services' quality score was 87.35 points, representing an increase of 2.24 points as compared to the previous year. Among which, the score for all service lines as a whole was 81.63 points, and the score for a property owner project was 87.37 points. In terms of the building of key service scenarios and the presentation of movement routes and touchpoints, there was an improvement of 2.3 points as compared to the previous year. The Company shared on-site management highlights in a summarized manner, and replicated and promoted such highlights to establish special service and product scenarios. The Company circulated notices and criticized about common problems, typical problems and other management weaknesses, used the assessment results to implement special cash assessment, and supervised each unit to conduct in-depth analysis and rectification of existing problems.



In addition, in order to improve the quality of the project site, Lushang Services carried out a number of highlight tasks in 2024, such as providing real-time feedback of customer satisfaction surveys by scanning QR codes, setting up wastewater recycling points for drinking fountains, building plant houses, standardizing entrances and exits, putting magic magnetic stickers in elevators, creating items for reusing waste in the park, setting up pull tabs for trash cans, providing mobile phone bags in central control rooms and conference rooms, maintaining weighing records for fire extinguishers, painting facilities, establishing various standardized engine rooms, setting up special routes for decoration. These measures not only help improve the quality of the project site, but also provide customers with a better environment and services, reflecting Lushang Services' unremitting pursuit of quality and innovation.



5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Developed housekeeper services: Centering on the project manager with housekeeper as the focus, Lushang Services has comprehensively improved satisfaction from customer information maintenance, home visits, housekeeper WeChat and corporate WeChat promotion, community culture and major festival decorations, and implementation of touchpoint services. In particular, Lushang Services has implemented weekly visits and conversions, covering regular households quarterly. At the mid-level and above, the project covers key customers. The customer service manager visits no less than two households per week, and the project manager visits no less than five households per month. The Company has ensured the accuracy of property owner information to be above 95%. There is a theme each month, and community cultural activity plans are formulated by business type and star rating. Special funds are utilized for major holiday decorations, and the headquarters makes unified arrangements to formulate decoration plans. In 2024, Lushang Services held a series of more than 960 community cultural activities.



Deepened project management: Lushang Services has promoted the use of maintenance funds to save costs. The Company has formulated a plan for use of maintenance funds for 2024, and issued the same to branch companies/projects. It has identified more categories for the use of funds, enabled projects to use the maintenance funds, and expanded the scope of use to save project costs. Based on maintenance, the Company has improved equipment quality, inspected and controlled the aging status of facilities and equipment in each project, and promoted necessary maintenance and upgrade for each project. The Company has strictly implemented the maintenance of project facilities and equipment, and established professional elevator companies to improve maintenance quality. Focusing on energy management, the Company has formulated energy-saving goals and energy-saving upgrade plans for 2024, collected and reviewed project upgrade plans, and prepared for the implementation of work throughout the Year. The Company has analyzed and evaluated energy consumption in the public areas of each project, and strived to reduce it by one percentage point year-on-year. With the improvement of professional capabilities as a guarantee, the Company has supported the output of projects, organized the establishment of training teams for each profession, provided continuous training for project management personnel, and organized skill level certification and skill competition activities, in order to comprehensively improve the professional skills of employees. During the Year, Lushang Services organized an annual design forum and drawing evaluation activity with the theme of "Gathering Strength and Planning for the Future" (聚勢謀遠 · 思變未來). The Company specially invited three influential experts in the design field to give on-site lectures, mainly focusing on urban renewal, low-carbon design and other related topics for the Company's next step of transformation and development, and provided detailed interpretation and case sharing.



5. PREMIUM QUALITY AND SERVICE EXCELLENCE

5.2. ESTABLISHED STAR SERVICE STANDARDS TO PROMOTE STANDARDIZATION

According to the “star standards” of the industry, we have formulated the Star Standards Manual of Lushang Services (《魯商服務星級標準手冊》) based on the four professional lines of “customer services, environment, order and engineering” to determine star ratings, in order to optimize service accuracy and improve service quality. Through daily, weekly and monthly inspections as well as self-inspections and quality inspections, we have consolidated the basic services of each project and enhanced star service quality. At the same time, the model projects have also leverage excellent management experience to consolidate and enhance the standardized implementation of projects.



Lushang Services has started sorting out standards since 2002, and has built “one platform + ten systems” covering all business areas from thirty aspects such as service quality, environment, occupational health and safety management, energy management and information security management, so as to facilitate business standardization.

In 2024, Lushang Services completed the recertification of the ten systems (i.e. GB/T 19001 quality management system, GB/T 24001 environmental management system, GB/T 45001 occupational health and safety management system, GB/T 31863 enterprise quality credit evaluation system, GB/T 24353 risk management system, GB/T 15496 enterprise standardization system, GB/T 19025 quality management, competence management and personnel development system, GB/T 31950 integrity management system, GB/T 22080 information security management system, and GB/T 23331 energy management system).

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

5.3. CUSTOMER COMMUNICATION AND SATISFACTION

Lushang Services has formulated relevant policies to strengthen communication with customers in order to gain a deeper understanding of customer service demands, promote communication between customers and the Company, ensure timely feedback on service results, adjust service strategies in a timely manner, and improve customer satisfaction. During the Year, the overall satisfaction of the Company’s service projects continuously improved. Among which, in 2024, the satisfaction score of residential projects was 84 points, representing an increase of 2.3 points from 2023; and the satisfaction score of commercial projects was 91 points, representing an increase of 0.2 points from 2023. In 2024, Lushang Services continued to implement the annual convenience and community cultural activity plan, and jointly carried out a series of more than 580 community cultural activities with the Value-added Business Division. The convenience and community cultural activities have shortened our distance with customers and improved customer stickiness. 2025 Satisfaction Mission Target: the score for residential project shall not be less than 80 points, and the score for commercial complex projects shall not be less than 90 points.

Satisfaction	Unit	2024	2023	Improvement in 2024 over 2023
Residential category	Points	84.0	81.7	2.3
Commercial complex	Points	91.0	90.8	0.2

Lushang Services has formulated relevant policies on handling customer demands, standardized the procedures for handling of customer demands, and ensured that all types of information are delivered, processed, and fed back in a timely manner in order to provide customers with better services. Lushang Services has established various complaint and communication channels by launching the housekeeper and night-time phone line and vigorously promoting the internal unified complaint phone line (phone number: 400-603-6688) available at all regions in China, the “Lushang Services” APP and the “Lushang Services” WeChat official account. We require the placement of leaflets, roll-up banners, etc. at front desks, inside elevators and on bulletin boards for publicity, and have included some of them as quality inspection items.

In 2024, Lushang Services answered a total of 63,000 inbound calls, with an inbound call completion rate of 98.4%; and dialed a total of 64,000 outbound calls, with an outbound call completion rate of 43.8%. The total call duration was 119,000 minutes, with an average call duration of 1.3 minutes. A total of 200,000 system work orders were registered for projects under management, of which 21.6% were registered through the call center; 65.3% were registered through the housekeeper APP; 12.1% were registered through the PC back-end; and 1% were registered through the household APP. We have implemented statistical classification on the nature of work orders. General reports accounted for 93%; complaints accounted for 0.7%; and consultation and suggestions accounted for 6.3%. There were 148 customer complaints through Mingyuan, and 1,864 customers complaints through the 12345 government affairs hotline. We compiled weekly customer complaint reports for important and key customer complaints, and actively handled and rectified risks in connection with the projects. We completed annual satisfaction telephone surveys on 35 residential projects and 15 commercial complex projects, and assisted the projects in conducting telephone surveys on arrears collection. We conducted full coverage inspections on the monitoring of 36 projects, and promptly reported problems to the branches/regional companies for supervision and rectification, thereby effectively reducing the Company’s complaint rate. Leveraging the unremitting efforts of Lushang Services, in 2024, the Company received a total of 1,458 complaints, representing a significant decrease of 257 cases from 2023.

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Indicator	Unit	2024	2023
Number of complaints received	case	1,458	1,715
Complaint resolution rate	%	100.00%	100.00%
Complaint satisfaction rate	%	93.20%	92.00%

5.4. CUSTOMER SAFETY

Lushang Services protects the health, safety and privacy of customers from multiple aspects such as system construction, rule establishment, safety training and action planning, and has continuously increased investment in safe production and improved safe production management, with an aim to minimize operational safety hazards and safeguard the health and safety of customers with practical actions.

In terms of system construction: The Company attaches great importance to safety issues, and has established the Safety Committee, i.e. the highest discussion and decision-making body of the Company's safe production work headed by the Company's Party secretary and chairman. The Safety Committee has established a Safety Committee office, which is specifically responsible for the Company's routine safe production management. Lushang Services has established a sound safety production responsibility system, signed safety production responsibility letters at each level, clarified the safety production responsibilities of employees at all levels and in all types of positions, established a work system of "responsibility at all levels, everyone is responsible, and each bears their own responsibilities" to avoid accidents and establish a long-term mechanism for safety production.

In terms of rule establishment: In order to further improve the Company's safety management system, facilitate the standardization, institutionalization and scientificization of safety management, strictly implement the principal responsibilities of production safety, effectively control production safety risks, and prevent and reduce production safety incidents, the Safety Management Department of the Company has revised and refined the safety management system of the Company based on relevant laws and regulations in line with the Company's actual circumstances and regularly identified environmental factors and hazard sources so as to formulate corresponding control measures in a timely manner to provide customers with a safe living environment. At the same time, the Company has strengthened security measures and assessed the property safety management provided for further strengthening the safety supervision and management and improving managers' safety awareness and management standard. In strict accordance with laws and regulations such as the Safe Production Law of the People's Republic of China (《中華人民共和國安全生產法》), Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》), Safe Production Regulations of Shandong Province (《山東省安全生產條例》) and Regulations on Safe Production Responsibility of Production and Operation Entities in Shandong Province (《山東省生產經營單位安全生產主體責任規定》), Lushang Services formulated internal rules and regulations such as the Rules for Safety Management of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司安全管理制度》), Emergency Plan for Unexpected Public Incidents of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司突發公共事件應急預案》) and Establishment of Two Systems on Classified Management of Safe Production Risk and Investigation and Governance of Hidden Risk of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司安全生產風險分級管控與隱患排查治理兩個體系建設》), thereby taking the protection of customers' health and safety as one of the key principles for the operation of Lushang Services.

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Moreover, in terms of customer safety practices, the Company inspects its production safety through quarterly inspections, pre-holiday self-safety inspections, special inspections for flood prevention and typhoon prevention, special inspections for fire prevention, intensive production safety inspections, hundred-day winter and spring fire safety inspections and other inspections. The Company makes open and unannounced visits to key units and premises directly to low-level employees on-site with no notification, no advance notice, no listening to reports and no reception (四不兩直) and reviews thereafter (回頭看) focusing on on-site non-compliant command, non-compliant operations, non-compliance of labor discipline, etc. In particular, inspections are carried out on the approval and on-site operations of special operations such as climbing, use of fire and operations with limited space. Units with hidden dangers identified but not rectified or units with repeated occurrence of the same type of hidden danger are reported, and the relevant person-in-charge shall be investigated in accordance with regulations and disciplines depending on the circumstances. The Company focuses on the prevention of major risks and the investigation and rectification of major hidden dangers to facilitate the prevention and resolution of major safety risks, and accurately investigate and rectify deep-rooted issues and hidden dangers. At the same time, upon completion of safety assessment and rating, the score will be included in the Company's operational target assessment.

Case: Lushang Services popularizes safety knowledge to property owners

In the second quarter of 2024, the Company organized a "Safe Production Month" to popularize safety knowledge to property owners through brochures, posters, banners, etc., to strengthen the owners' safety awareness and self-rescue and mutual rescue capabilities, and is committed to creating a community environment with a strong sense of safety and complete safety precautions for protecting the lives and property of the owners and for jointly building a harmonious and livable community.



5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Case: Lushang Services invites owners' representatives to participate in fire evacuation drill

During the National Safety and Fire Protection Promotion Month in November 2024, Lushang Services carried out on-site fire safety knowledge promotion activities, distributed fire extinguishers and other fire-fighting equipment, and invited owner representatives to participate in fire evacuation drills. It vividly simulated various types of fire emergency response and measures from six aspects including emergency evacuation, fire emergency response, personnel search and rescue, medical assistance, fire equipment explanation, and fire extinguishing and escape experience, to enhance the owners' evacuation capabilities.



5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Case example: Information security function pilot of Lushang Services

Monitoring of absence of employees in the central control room

- AI binocular cameras are used to detect the presence and absence of personnel on-duty in the fire control room in real time. When the number of targets in the area does not meet the “number of personnel on-duty” and the duration reaches the maximum “off-duty time”, an alarm will be issued and an alert window will pop up (including snapshots when the post is unoccupied, and video recording before and after such unoccupancy). The personnel off-duty intelligent algorithm is installed in the cameras, which do not require back-end server equipment.

Detection of electric motorcycles entering elevators

- We have implemented the visual supervision on electric motorcycles entering elevators. AI visual intelligent analysis is used to issue automatic warning for abnormal behavior. We comprehensively supervise all types of electric vehicle violations, and have strengthened community safety management from the perspective of electric vehicles. We have standardized the behavior of electric motorcycles entering elevators with full-time supervision, enabling the efficient prevention of abnormal behavior.

Alarm on overheating of electric motorcycles

- We use thermal imaging technology to detect temperature anomalies in a timely manner, monitor parking areas in real time to prevent fires, and prevent electric motorcycles from being stolen.

Accurate tracking of throwing of objects from a height

- To maintain the safety of living space, clearer videos can facilitate the determination of responsibility and reduce disputes. By using the special hard disk video recorder for throwing of objects from a height, we have enabled automatic trajectory drawing, accurate tracking and quick location of the responsible floor.

Automatic temperature measurement for personnel

- When personnel enter office areas, their temperature is automatically measured without the need to stop-by. A large screen automatically displays the current temperature of personnel, allowing staff to detect those with abnormal body temperature more intuitively. This has enabled the all-time monitoring of pandemic prevention and control to ensure pandemic prevention safety.

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

Smoking detection in office areas

- We have implemented the real-time detection of smoking behavior in office areas. Alarm information is uploaded in real time with an alarm pop-up window to provide timely warning, thereby effectively detecting smoking behavior.

Panoramic network high-definition eagle eye smart dome camera

- We have installed eagle eye equipment at height covering the entire area of the projects. Adopting an integrated design, one equipment can provide both panoramic and close-up images, taking into account both panoramic views and details.

Equipment inspection system

- By regularly executing tasks at fixed points based on the actual operation of equipment, the system automatically dispatches inspection and maintenance task orders, performs regular maintenance to extend the service life of equipment, helps the Company establish facility and equipment management specifications, and assists the engineering supervisor in collecting statistics of personnel work records, thereby improving facility and equipment maintenance. This has enabled us to identify and handle problems in a timely manner, thereby preventing equipment incidents and reducing failure rates and various losses.

Order patrol system

- Through the set patrol routes and points, the system automatically generates tasks and pushes reminders for security operations, allowing project staff to comprehensively patrol the park. The system can conduct real-time supervision of personnel, time, location and sites anytime and anywhere, making inspection information clear at a glance. It not only facilitates managers to effectively manage security inspections, but also reduces safety hazards and prevents incidents.

Fire extinguisher maintenance system

- Based on the actual use and maintenance periods of fire extinguishers, maintenance tasks are automatically generated on a regular basis, and the actual number, maintenance periods and maintenance completion status of fire extinguishers of each unit are clear at a glance, thereby improving the maintenance of fire extinguishers.

5. PREMIUM QUALITY AND SERVICE EXCELLENCE

5.5. INFORMATION SECURITY

The Company attaches great importance to information security protection and is committed to preventing the leakage of the Company's commercial confidential information and customer data. To this end, the Company formulated the Administrative Measures for Maintenance and Management of Customer Information of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司客戶信息維護管理辦法》), which put forward institutional requirements for customers' information security in six aspects, i.e. purpose of use, scope of application, collection of customer information, routine management of customer information, system maintenance requirements for customer information, and standards for executing punishments. Customer files are managed by dedicated personnel. The files of each customer are separately managed, with both physical records and electronic records kept. The Company strictly abides by the confidentiality system. The electronic files of customers are backed-up and password-protected to prevent data loss caused by virus intrusion or equipment failure, while the physical files have measures implemented to prevent fire, moisture, moth and leakage. The Company has enhanced the handover process of file administrators, and improved the file preservation mechanism and other measures to ensure the information security of the Company. The Company has successfully established an information security management system that complies with the requirements of GB/T 22080-2016 and ISO/IEC 27001:2013 information security management standards and obtained relevant certification. The scope of this certification includes property management services, green plant maintenance, and cleaning, collection, and transportation services for urban domestic waste.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

Lushang Services has strictly complied with laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and Regulations on Work Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》) as well as the rules and regulations of the places where its businesses are located. The Company firmly implements the concept of people-oriented and respecting talent and labor. The Company effectively protects employees' legitimate rights and interests such as welfare and compensation, health and safety, equal opportunities for promotion and employees' right to choose their jobs. We also organized diverse employee activities so as to enhance employees' sense of belonging and happiness, and realize the common growth of the Company and its employees.

In 2024, Lushang Services continued to focus on "paying attention to value creation", rationalize the human resources structure, and clarify the division of labor and responsibilities. We improved the system, strengthened the top-level design, and built a comprehensive human resources management system; promoted the construction of a learning organization, promoted cultural construction and business training through internal and external training, and improved the training system; optimized the performance-based remuneration system, deepened the "three-channel" promotion system, highlighted the assessment and incentive orientation, and improved per capita efficiency.

6.1. COMPLIANT EMPLOYMENT AND DIVERSITY

Lushang Services strives to protect the rights and interests of its employees and eliminate child labor and forced labor. Lushang Services strictly complies with regulations such as the Regulations on the Special Protection of Juvenile Workers of the People's Republic of China (《中華人民共和國未成年工特殊保護規定》), Regulations on the Prohibition of Child Labor (《禁止使用童工規定》) and Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and has formulated the Administrative Measures for Open Recruitment of Employees of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司員工公開招聘工作管理辦法》) to ensure that, for all procedures of employee recruitment, interviews, employment approval and employment registration, the submitted materials should be consistent with the identity card, so as to eliminate the use of child labor. The Company strictly abides by the statutory working hours, provides overtime pay according to national regulations, and controls overtime work to ensure the physical and mental health of employees. In addition, we respect employees' right to choose their jobs freely, and has established an employee termination mechanism. The Administrative Measures for Employees of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司員工管理辦法》) has been formulated to standardize the circumstances of dismissal and termination of labor. If any violation of labor standards is identified, we will actively take relevant elimination measures to ensure legitimate and compliant employment for protecting the interests of labor. During the Reporting Period, the Company did not employ any child labor or forced labor.

Lushang Services also attaches great importance to the acquisition and training of diverse talents. We have always regarded the integration of industry and education as the core strategy to promote the deep integration of education chain, talent chain, industrial chain and innovation chain, and have been awarded as a member unit of the Shandong Industry-Education Integration Promotion Association (山東省產教融合促進理事單位). Lushang Services signed an agreement with Shandong Youth University of Political Science to jointly build a practical teaching base, achieving seamless connection between the enterprise's talent selection process and the school's talent training process. During the Reporting Period, we reached cooperation with recruitment platforms such as "51Job" to meet the Company's business development needs for various types of professional talents. In addition, we continued to recruit people with disabilities, deepen our cooperative relationship with the Jinan Disabled Persons' Federation (濟南市殘聯), actively provide jobs based on business needs, and demonstrate our corporate social responsibility and humanistic care.

At the same time, Lushang Services has established standard operating procedures (SOP) for the selection of employees to optimize the recruitment process and improve recruitment efficiency. During the Reporting Period, the Company recruited 223 talents, including 43 talents with an undergraduate degree, 172 talents with a college degree, and 8 talents with technical secondary school or high school education or below.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

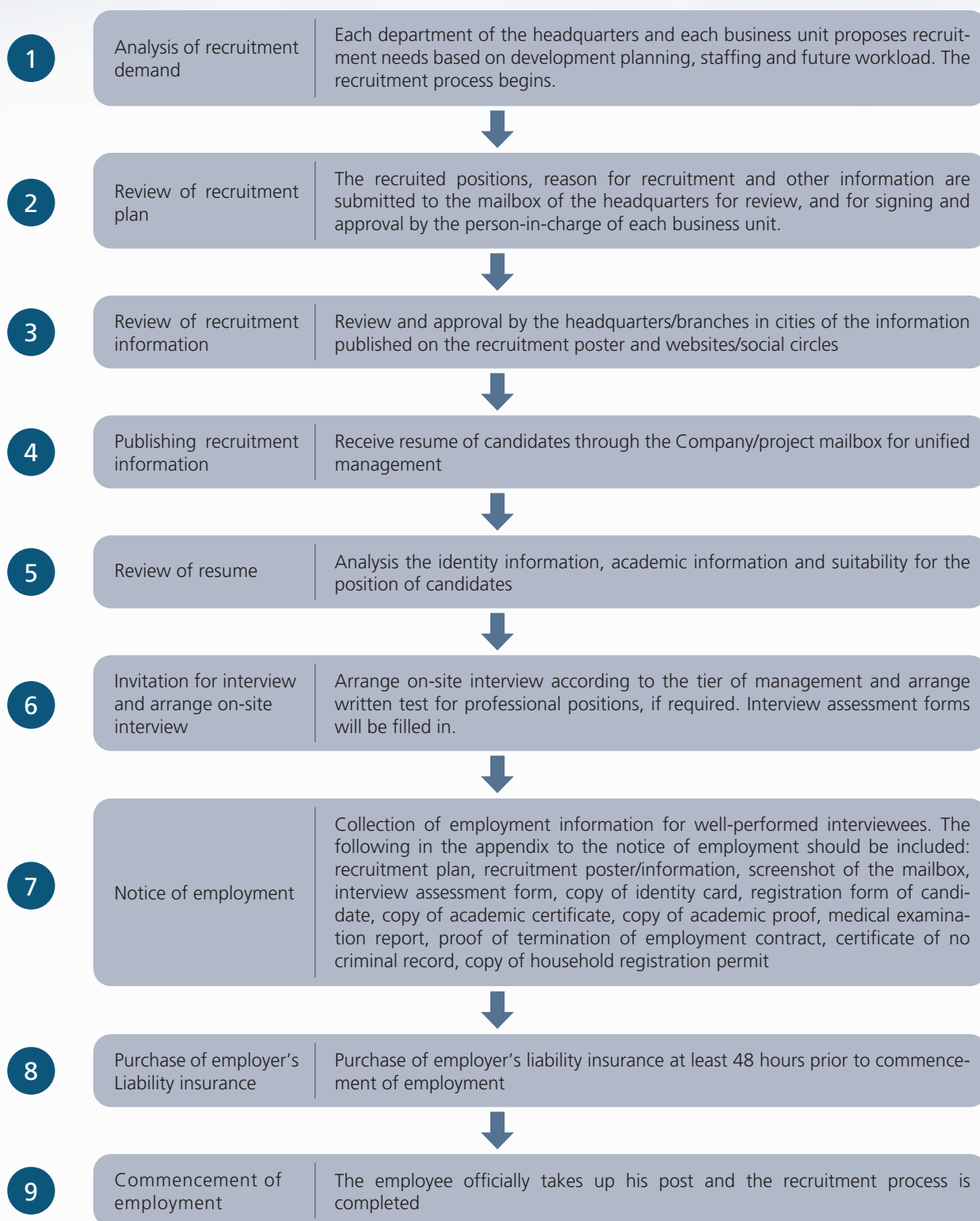


Diagram: Lushang Services Recruitment Process

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

As of December 31, 2024, Lushang Services had a total of 1,405 employees, including 765 male employees and 640 female employees, accounting for 54% and 46%, respectively.

Table: Employment Data for Lushang Services

Employment Indicator	As of December 31, 2024	As of December 31, 2023
Total number of employees	1,405	1,437
By gender		
Male	765	770
Female	640	667
By age group		
30 or below	355	341
31-50	898	887
50 or above	152	209
By employee category		
Full-time junior staff	1,366	1,406
Full-time middle management	28	25
Full-time senior management	11	6
By employment type		
Full-time	1,405	1,437
Part-time	0	0
By geographical region		
East China	1,267	1,304
Northeast China	115	106
North China	23	27

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

Employment Indicator ⁽¹⁾	For the year ended December 31, 2024	For the year ended December 31, 2023
Total number of employees lost (number)	189	207
Employee turnover rate (%)	13.30%	13.44%
By gender		
Male	14.20%	15.79%
Female	12.24%	10.65%
By age group		
30 or below	17.82%	27.99%
31-50	13.89%	3.65%
50 or above	1.66%	26.20%
By employee category		
Full-time junior staff	13.56%	4.38%
Full-time middle management	3.77%	148.45%
Full-time senior management	0.00%	0.00%
By employment type		
Full-time	13.30%	13.44%
Part-time	0.00%	0.00%
By geographical region		
East China	13.38%	10.81%
Northeast China	14.48%	5.50%
North China	4.00%	98.11%

Note:

- Starting from this year, the formula for calculating employee turnover rate is standardized as: employees leaving this year/(number of employees at the beginning of the year + number of employees at the end of the year)/2*100. The Company has conducted statistical data analysis on different classification groups (including gender, age, employee category, employment type and geographical region). Therefore, the relevant data for 2023 has been restated.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

6.2. LABOR RIGHTS AND DEMOCRATIC COMMUNICATION

Lushang Services strictly complies with relevant laws and regulations, including but not limited to Labor Law of the People's Republic of China (《中華人民共和國勞動法》), Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》) for protecting the legitimate rights of employees in all aspects.

We attach great importance to employee communication and constantly take measures to ensure that employees' voices can be heard. In 2021, the Lushang Services Trade Union (魯商服務工會) was officially established. Over the years, the trade union has been giving full play to its democratic management and democratic supervision functions, actively fulfilling their duties, and deeply implementing work to safeguard employees' rights and interests, highlighting their leading role in various affairs. In addition, we have been also constantly working to create sound employee communication channels, such as launching employee suggestion boxes and conducting regular employee satisfaction surveys.

The Lushang Services Trade Union Committee issued a notice based on the "Implementation Rules for the Revenue and Expenditure Management of Grassroots Trade Union Funds in Shandong Province" (《山東省基層工會經費收支管理實施細則》) and combined with the Company's situation to clarify the trade union expenditure regulations to support the multiple rights and interests of employees. In terms of employee activity expenses, it covers employee education, cultural and sports activities and collective welfare, such as rewards for students with outstanding training performance, rewards for cultural and sports activities, and condolences for holidays and birthdays, to ensure that employees can feel the Company's care at different times and holidays. In addition, the Company will also help employees who encounter difficulties to overcome such barriers. The assistance fee for employees in need provides financial and material assistance to members who are in trouble due to serious illness, etc., and the warmth fee is used to support employees in the four-season caring activities. At the same time, we have clearly defined the standards, precautions and approval procedures for the use of union funds to ensure the safe and compliant use of funds and such measures help protect the rights and interests of employees while maintaining the norms of union funds.

Case: Caring for female employees – Micro Landscape DIY activity

In terms of caring for female employees, we carefully planned and organized the Micro Landscape DIY activity for Women's Day with the theme of "Micro World at Your Fingertips, Show Your Beauty with Skillful Hands" (指尖微世界·巧手展芳華). During the event, female employees actively participated and gave full play to their creativity and dexterity. In the process of making micro-landscapes, they not only relaxed their mind, but also enhanced communication and interaction with each other. This further enhanced the cohesion and sense of belongings of female employees, and made female employees feel more respected and valued in the Company.



Photo: Lushang Services staff participated in the "Micro World at Your Fingertips, Show Your Beauty with Skillful Hands" of Micro Landscape DIY Activity for Women's Day

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

Case: Building a friendly team – Outdoor team-building activities at headquarters

In 2024, Lushang Services launched the headquarters team-building activity with the theme of “Beautiful Life is YOUNG” (美好生活就这YOUNG). During the event, employees gathered outdoors to participate in various team collaboration projects. Lushang Services has always placed employee rights and interests in an important position. Through such team-building activities, it not only creates opportunities for employees to relax and enhance communication, but also effectively enhances team cohesion. The activity reflect the Company’s care about the physical and mental health of employees and its commitment to creating a positive, united and friendly working atmosphere, while showing its attention and care of employee rights and interests with practical actions.



Photo: Group photo of Lushang Services’ 2024 headquarters team-building activity

In addition, Lushang Services pays enterprise annuities for its employees as a supplementary pension insurance measure, and treats it as a basic and systematic work, giving full play to the talent incentive role of enterprise annuities and promoting the healthy and sustainable development of the Company.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

6.3. STAFF TRAINING AND DEVELOPMENT

Lushang Services attaches great importance to the growth and development of its employees and regards employee training as one of the core driving forces for the sustainable development of the Company. We internally publish and follow the “Employee Training Instructions” (《員工培訓作業指導書》), formulate the “2024 Lushang Services Annual Training Plan” (《2024年魯商服務年度培訓計劃》), and form a complete and scientific operating mechanism. In 2024, Lushang Services carried out various targeted and focused theme training month activities, covering 2,314 participants, injecting strong impetus into the growth of employees. In the training practice, the Company actively expands and provides a comprehensive training system for employees through different channels.

Case: Lushang Services Internal Training Lays a Solid Foundation for Development

We select experienced and professional employees as internal trainers to carry out training courses that are tailored to actual work. During the Reporting Period, Lushang Services carried out monthly theme training activities for many times. The Human Resources Department coordinated and established an internal training and teaching mechanism for middle and senior management personnel, and formulated relevant plans to carry out training around 28 topics, effectively improving the professional quality of employees.



Photo: Lushang Services Monthly Theme Training

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

Case: Lushang Services Overseas Training Expands New Development Ideas

On the other hand, Lushang Services actively connected with external high-quality resources and selects more than 60 business line talents to participate in external training courses such as “Special Training Camp for Pain Points and Solutions in Building a Property Manager System” (物業管家體系構建落地痛點與解決對策特訓營) and “High-Performance Managers” (高效能管理者) to broaden employees’ horizons and improve their thinking patterns. During the Reporting Period, we also organized our employees to participate in the “Value-added Breakthrough – Property Management Practical Training Camp” (增值破局-物業管理實戰訓練營) held by China Real Estate Vocational Education (中房職教), focusing on the business model innovation and financial management improvement to help the sustainable development of the project.



Photo: China Real Estate Vocational Education “Value-added Breakthrough – Property Management Practical Training Camp”

At the same time, in order to adapt to the development trend of digitalization, some subsidiaries such as Shandong Lushang Tang'an Property have adopted a training model that combines online and offline training, using online resources such as video courses and live courses to break the limitations of time and space and meet the diverse learning needs of employees. The learning progress is monitored in real time through platform data to ensure the effectiveness of training. Lushang Design, a subsidiary of Lushang Services, has also achieved remarkable results in the field of employee training. A total of 42 training sessions were completed throughout the year, covering multiple departments including the Architectural Design Institute (建築設計所), the Fine Decoration Design Institute (精裝設計所), and the Landscape Design Institute (景觀設計所), with approximately 470 participants. Lushang Design also organized an annual design forum and drawing evaluation activity with the theme of “Gathering Strength and Planning for the Future”, and invited authoritative experts in the industry to give on-site lectures, and conducted in-depth interpretations and case sharing on key topics of the Company’s transformation and development, such as urban renewal and low-carbon design, to build a high-quality platform for employees to update their knowledge and improve their skills.

In terms of training effectiveness evaluation and incentives, Lushang Services has established a complete evaluation system to comprehensively measure training effectiveness from four dimensions: reaction, learning, behavior and results. By linking training results with employee promotions, rewards and commendations, and providing incentives such as support for employees to improve their academic qualifications and obtain certificates, we fully mobilized employees’ enthusiasm for participating in training, comprehensively optimized the academic qualification structure, and the number of people who passed professional skills qualification certificates increased by 23.5% year-on-year.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

By continuously improving its employee training system, Lushang Services has not only enhanced the professional quality of its employees and promoted their career development, but also laid a solid talent foundation for the Company's sustainable development and fulfilled the Company's ESG responsibilities at the social and corporate governance levels.

Table: Training details of Lushang Services

Training time	Unit	2024	2023
Average training time for employees	Hour/person	11.86	10.68
By gender			
Male	Hour/person	10.87	10.29
Female	Hour/person	13.05	11.12
By employee category			
Full-time junior staff	Hour/person	10.97	8.53
Full-time middle management	Hour/person	41.74	40.76
Full-time senior management	Hour/person	49.91	3.20
Training percentage	Unit	2024	2023
Percentage of employees trained	%	99.29%	97.15%
By gender			
Male	%	99.22%	96.92%
Female	%	99.38%	97.29%
By employee category			
Full-time junior staff	%	99.27%	97.05%
Full-time middle management	%	100%	100%
Full-time senior management	%	100%	100%

In the ESG strategy of Lushang Services, the promotion mechanism is the key link between employee growth and corporate sustainable development. In accordance with the Administrative Measures for the Employees of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司員工管理辦法》), and the "Talent Pool Management Measures for Lushang Life Services Co., Ltd." (《魯商生活服務股份有限公司人才庫管理辦法》), the Company builds a promotion system based on the principles of fairness, justice and openness, with both moral integrity and ability as the core standards. "Morality" involves professional ethics, teamwork and the practice of corporate values, and "ability" focuses on professional skills, work performance and problem-solving ability.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

Lushang Services has opened up the channels for talent development, and established the “four horizontals and three verticals” talent development system, which mainly consists of three systems (i.e. the training system, talent pipeline system and recruitment system) and four talent development programs (i.e. the “Spark Program” (星火計劃), “Elite Program” (菁英計劃), “Manager Enrichment Program” (鑄金計劃) and “Leading Wild Goose Program” (頭雁計劃)) to support the selection, training and appointment of talents of Lushang Services, and form a talent pool at all levels for Lushang Services. The promotion channels for the employees of Lushang Services are diversified. Open competition allows all employees, regardless of their qualifications, to compete for their desired positions based on their abilities. Democratic recommendation of cadres draws on the collective wisdom of team members and management to select talents with leadership, outstanding performance and recognition. In 2024, one mid-level manager and nine key position managers were selected through these channels, injecting vitality into the management of all levels of the enterprise and improving the overall management efficiency.

6.4. EMPLOYEE HEALTH AND SAFETY

Lushang Services strictly complies with relevant laws and regulations, including but not limited to the Safe Production Law of the People’s Republic of China (《中華人民共和國安全生產法》), Law of the People’s Republic of China on Occupational Disease Prevention and Control (《中華人民共和國職業病防治法》) and Regulations on Work Injury Insurance (《工傷保險條例》), and has internally formulated the “Safety Management Plan and Emergency Plan” (《安全管理計劃與應急計劃》) to provide employees with a safe and healthy working environment. Lushang Services considerably purchases employer liability insurance for its employees, organizes free physical examinations for all employees on a regular basis every year, and sends health condolences to sick employees. Through these measures, we effectively enhance our employees’ sense of security and happiness, and provide all-round protection for their safety and health.

Case: Prevent hidden dangers before they happen – Lushang Services safety training and drills

The Company strives to do a good job in safety inspections, safety-related training and safety drills. In September 2024, the Company’s leadership team led a pre-holiday safety inspection of multiple projects of Jinan Branch of Lushang Services (濟南市公司) to eliminate safety hazards during the holidays. According to the drafted “Safety Training Plan List” (《安全培訓計劃清單》), we carried out a number of safety training and drill activities during the Reporting Period, including the “First Lesson on Safety Production Start-up” (安全生產開工第一課) in February, the “Safety Production Month” (安全生產月) themed education training held in June, the 2024 “Safety Management Training” (安全管理培訓) in September, and the series of activities under “11.9 National Fire Protection Day Theme Education” (11.9全國消防日主題教育) launched in November.

6. BE PEOPLE-ORIENTED AND FOSTER MUTUAL DEVELOPMENT

In the system of Lushang Services, each subsidiary also attaches great importance to safety training and drills, and puts employee safety first. Taking Daantong Mechanical and Engineering as an example, in 2024, it strictly implemented the three-level on-the-job training, from basic safety knowledge to job safety operation standards, to build a solid safety line for new employees. At the same time, we actively carry out safety-related training activities such as rescue drills. By simulating real-life scenarios, we improve employees' emergency response capabilities, effectively protect their lives, and safeguard the Company's stable operations



Photo: Lushang Services Safety Production Month Theme Education Training



Photo: Three-level safety education and training and on-site rescue skills training for new employees of Daantong Mechanical and Engineering

Lushang Services did not have any work-related fatalities in the past three years.

Table: Lost days due to work injury and work-related fatalities in the past three years of Lushang Services

Indicators	2024	2023	2022
Lost days due to work injury	984	295	221
Number of work-related fatalities	0	0	0
Percentage of work-related fatalities	0	0	0

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

Lushang Services firmly establishes and practises the concept of “green environment is the most valuable asset” (綠水青山就是金山銀山), continues to explore low-carbon properties, and contributes to the national goal of “carbon peaking and carbon neutrality”. During the Reporting Period, we have strictly complied with laws and regulations such as the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》), Energy Conservation Law of the People’s Republic of China (《中華人民共和國節約能源法》), Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固定廢棄物污染環境防治法》) and Law of the People’s Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), and formulated internal rules and regulations such as the “Public Energy Management Operation Guide” (《公共能源管理作業指導書》) and the “Energy Saving and Consumption Reduction Management Guide” (《節能降耗管理工作指引》). We promoted low-carbon and green office, actively built green communities and refined environmental management measures.

Based on its actual circumstances, Lushang Services is committed to implementing low-carbon corporate operation and has set the environmental targets as follows:

- By 2030, increase the proportion of energy-saving products and equipment used in projects.
- By 2030, improve the supervision of abnormal water and electricity consumption and continue to reduce the waste of water and electricity resources.
- By 2030, strengthen the publicity of waste sorting in management projects and promote the reuse of recyclable resources by increasing waste sorting facilities and channels.

7.1. USE OF RESOURCES

Energy management

The Company has formulated and implemented the “Public Energy Management Operation Guide” (《公共能源管理作業指導書》), and regularly monitors energy consumption from two aspects, i.e. project management and technological upgrade, by standardizing the energy consumption accounts, with an aim to maximizing its energy efficiency. The administrative regulations also provide clear instructions on the planning, management and supervision of internal energy consumption.

During the Reporting Period, we actively engaged in the exploration of new energy-saving technologies for key equipment such as elevators and air conditioners, vigorously strengthened energy management, and carefully formulated and implemented a series of technically feasible and economically reasonable energy-saving strategies. We have carried out energy-saving renovations on old elevators in some properties, improved elevator operating efficiency and reduced electricity consumption by optimizing control systems and motors. For the air conditioners in the elevator room, we innovatively installed time controllers to accurately control the operating time of the air conditioners and avoid ineffective consumption of energy. The campus lighting facilities are equipped with time and light sensor controllers to automatically adjust the lighting according to different time periods and light intensities, which not only meets lighting needs but also achieves efficient use of energy. Traditional lighting fixtures are replaced with energy-saving and efficient LED lamps, covering public areas, corridors, etc., and this greatly reduces the energy consumption of the lighting system. The garage is fully replaced with LED radar sensor lamps, which automatically light up only when there are people or vehicles moving, and hence lighting energy consumption is greatly reduced. Scheduled power switches are added in key equipment rooms to achieve automatic shutdown when no one is around, further reducing energy waste.

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

In addition, we also regularly clean the condenser, evaporator and other key components of the central air conditioners to remove surface dirt and impurities, ensure heat exchange efficiency and reduce energy consumption. We use atrium heat pressure ventilation in transition seasons to reduce air conditioning operation time while we also implement staggered start-up strategies to make full use of valley electricity periods, and this helps effectively reduce electricity costs. Micro-spraying technology is used in the greening of public area. We replaced traditional flooding with fine sprinkler irrigation, ensuring sufficient irrigation of green plants while achieving significant savings in water resources. We encourage owners and tenants to participate in energy-saving actions, raise their awareness of energy conservation through publicity and education while advocating a green lifestyle, with a view to jointly reducing energy consumption.

Table: Energy consumption of Lushang Services

Indicator	Unit	2024	2023
Gasoline consumption ⁽¹⁾	Litres	61,966.00	46,927.00
Intensity of gasoline consumption	Litres/hundred km	13.95	3.61
Diesel consumption ⁽¹⁾	Litres	393,472.00	267,664.00
Intensity of diesel consumption	Litres/hundred km	31.83	20.57
Electricity consumption	MWh	38,529.17	33,119.90
Intensity of electricity consumption	MWh/million m ² of managed area	1,634.11	1,433.76

Note:

1. The Dezhou Wucheng project was added in May 2023. The data for 2023 is for half a year, and the data for 2024 is for the whole year. Therefore, the consumption of gasoline and diesel in 2024 increased.

Water resource management

Lushang Services has been committed to promoting water conservation within the Company. To this end, we have vigorously enhanced the water-saving awareness of all employees through comprehensive and in-depth publicity and education, and actively carried out on-site publicity activities to widely popularize water-saving knowledge and skills. In terms of the implementation of specific water-saving measures, we posted water-saving reminder labels in each restroom to remind employees to turn off the faucets at all times. For dripping faucets, we arranged personnel to repair them immediately and regularly check the water meter readings to check for hidden leaks; in terms of the selection of facilities and equipment, we selected faucets and urinals with water-saving labels and installed infrared sensing faucets and urinals. At the same time, we installed rainwater collection devices to collect rainwater for watering plants, and implemented water-saving actions in all aspects. During the Reporting Period, we did not encounter any problems in obtaining water.

Table: Water consumption of Lushang Services

Indicator	Unit	2024	2023
Total water consumption	thousand m ³	642.58	665.73
Intensity of water consumption	thousand m ³ /million m ² of managed area	27.25	28.82

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

7.2. EXHAUST GAS MANAGEMENT

As a service-oriented company, our operations do not generate water pollutants commonly found in manufacturing processes. In terms of air pollutants, the Company's main pollutant emissions come from the operation of its vehicles. To further reduce emissions, we have established strict requirements that all vehicle drivers must turn off the engines when parked and waiting to eliminate unnecessary exhaust emissions, and such measures help us to fulfill our commitment to green development through actions.

Table: Exhaust gas emissions of Lushang Services

Indicator ⁽¹⁾⁽²⁾	Unit	2024	2023
Nitrogen oxides (NOx)	kg	5,598.06	4,689.60
Sulfur oxides (SOx)	kg	7.25	3.75
Particulate matter (PM)	kg	455.17	340.91

Notes:

1. The scope of environmental information collected in 2024 includes the office areas of the headquarters and subsidiaries of the Company;
2. The emissions of nitrogen oxides, sulfur oxides and particulate matter are mainly from the gasoline and diesel consumed by the vehicles of the Company. The emissions are calculated in accordance with "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs".

7.3. WASTE MANAGEMENT

The waste generated from the Company's office generally include waste paper, ink cartridges, toner drum units, lamps, batteries, etc. Classified recycling bins are set up in the office area, and hazardous waste is collected and stored separately and handed over to qualified professional companies for disposal. We also have a comprehensive waste management plan for the waste generated from the projects managed by us. The waste generated from the projects, including recyclable waste, hazardous waste, green waste and renovation and construction waste, are sorted and processed by the Company and disposed according to the requirements. The sewage is directly discharged to the municipal sewage pipeline to ensure that our sewage discharge complies with local environmental protection requirements. The septic tanks are regularly cleaned and treated by professionally qualified units. The Company sorts its garbage and requires merchants to dispose each kind of garbage upon sorting. The Company engages special personnel to conduct secondary sorting for domestic garbage, kitchen garbage, toxic and hazardous waste and renewable resources.

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

Case: Waste treatment work of Lushang Services received positive reviews

Thanks to its excellent waste treatment, Lushang Services received high praise in terms of environmental protection and sanitation for many projects under its management. During the Reporting Period, the person in charge of the national and provincial highway project in Boshan District, Zibo was named “Excellent Urban Beautician” (優秀城市美容師) in Zibo City, and the person in charge of the Dezhou Wucheng project (德州武城項目) in was awarded the honorary title of “Advanced Environmental Sanitation Worker of 2024” (2024年度環衛先進工作者) by the Wucheng County Law Enforcement Bureau.



Photo: The person in charge of the national and provincial highway project in Boshan District, Zibo was named “Excellent Urban Beautician” (優秀城市美容師) in Zibo City

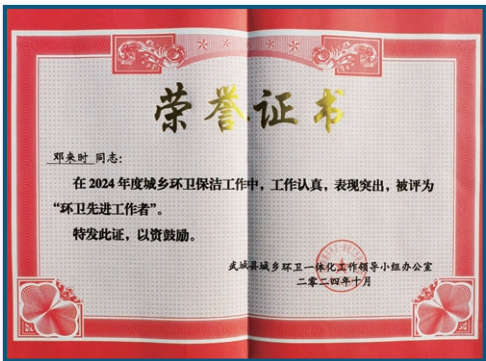


Photo: The person in charge of the Dezhou Wucheng project was awarded the honorary title of “Advanced Environmental Sanitation Worker of 2024” (2024年度環衛先進工作者) by the Wucheng County Law Enforcement Bureau.

Table: Exhaust gas emissions of Lushang Services

Indicator ⁽¹⁾	Unit	2024	2023
Total non-hazardous waste produced ⁽²⁾	kg	42,956.75	29,393.21
Intensity of non-hazardous waste	kg/million m ² of managed area	1,821.89	1,272.39
Total hazardous waste produced ⁽³⁾	kg	4,672.73	992.70
Intensity of hazardous waste	kg/million m ² of managed area	198.08	42.97

Note:

1. The reporting coverage for 2024 has been expanded to include city companies and directly affiliated projects compared to 2023, so the data on waste generation has increased accordingly;
2. The total amount of non-hazardous waste includes decoration waste and office paper;
3. The total amount of hazardous waste includes toner drum units, toner cartridges, batteries, masks, lamps, etc.

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

7.4. RESPONSE TO CLIMATE CHANGE

Governance

In its work on addressing climate change, Lushang Life Services Co., Ltd. has established a comprehensive management structure with clear responsibilities. In accordance with the Risk Control Procedures (《風險控制程序》), the Company's Strategy and ESG Committee is responsible for climate-related governance, taking the lead in organizing and guiding the identification and evaluation of risks and opportunities, including the control of climate change-related risks. The headquarters' central departments, business units, branches and project service centers are responsible for identifying risks and opportunities related to climate change in their respective regions and formulating corresponding response strategies. The Business Division aggregates information from all parties, identifies company-level risks and opportunities, and then develops company-level response measures. This multi-level collaborative model ensures that everyone in the Company, from grassroots business units to senior management, can actively participate in addressing climate change and ensure that relevant strategies and measures are effectively implemented.

Strategy

In the process of actively practicing the concept of sustainable development, Lushang Services has deeply integrated strategies for addressing climate change into the core aspects of daily operations and business development. In accordance with the "Environmental Factors and Hazard Source Identification and Evaluation Control Procedure" (《環境因素及危險源識別評價控制程序》), the Company accurately identifies exhaust emissions such as automobile exhaust gas, canteen fumes, and energy consumption such as electricity, water, and gas as the main environmental factors, and quickly formulated a series of targeted response measures.

In the face of the physical risks brought about by extreme weather caused by climate change, Lushang Services has established a complete and efficient emergency response mechanism. Taking the cold wave weather as an example, Jinan Branch of Lushang Services takes active action before the arrival of the cold air, closely monitors meteorological changes, organizes timely work meetings to deal with severe weather, and clearly defines the responsibilities of personnel in each position. After the meteorological department issued the warning, each project quickly releases weather warning information and cold and wind prevention reminders to owners through multiple channels such as community bulletin boards, owner WeChat groups, and text messages. At the same time, the engineering team immediately launches a comprehensive inspection of the community's facilities and equipment, focusing on comprehensive inspections of outdoor power equipment, gas pipelines, fire-fighting facilities, etc., while reinforcing public facilities and clearing debris from rooftops and balconies to effectively prevent falling objects from heights and ensure the safety of residents. In addition, customer services staff proactively makes follow-up calls or pays home visits to special groups to provide necessary assistance, fully demonstrating the Company's humanistic care and efficient execution in dealing with physical risks.

With increasingly stringent regulatory requirements and changing industry trends, the transformation risks faced by Lushang Services cannot be ignored. Against this background, the Company actively and proactively adjusts its development strategy to adapt to the ever-changing external environment. On the one hand, the Company always pays close attention to the updates of national and local policies and regulations on environmental protection and climate change response, and makes corresponding adjustments to internal management measures as soon as possible to ensure that the Company's operations are always in compliance. On the other hand, the Company actively responds to the industry's call for green development, proactively strengthens exchanges and cooperation with peers, constantly learns from advanced experience and technology, and through continuous innovation and progress, drives its work to move forward steadily in addressing climate change for successfully resolving transformation risks and achieving the long-term goal of sustainable development.

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

Risk Management

The Company uses a combination of qualitative evaluation and expert evaluation as specified in the Risk Control Procedure (《風險控制程序》) to comprehensively identify and assess risks related to climate change. Possible risks include damage to property facilities, power outages and production stoppages due to extreme weather, and legal compliance risks arising from failure to comply with environmental regulations. In response to these risks, the Company has developed detailed response plans. In terms of facility and equipment management, the Company strengthens daily inspection and maintenance to improve the disaster resistance of facilities and equipment. It has also established an information communication mechanism with the meteorological department to obtain extreme weather warnings in advance and make preventive preparations. In terms of compliance management, the Company has assigned dedicated personnel to track changes in environmental protection laws and regulations, and to promptly adjust the Company's operating strategies and management measures to ensure that the Company always complies with regulatory requirements. In addition, the Company also regularly re-evaluates risks and opportunities, and promptly updates response measures when there are changes in applicable laws and regulations, company activities or service methods, etc., to adapt to the dynamic changes in the internal and external environment. Extreme weather has brought immense challenges to the ecological environment and business management. Lushang Services has paid close attention to the dynamics of national climate change-related policies, actively identified the major risks brought by climate change, and eagerly supported the actions to address climate change. In order to deal with the safety issues brought by extreme weather, Lushang Services has formulated relevant rules such as the Emergency Plan for Flood Prevention (《防汛應急預案》), Emergency Response Plan for Sudden Disease Outbreaks (《突發疫情應急處置預案》) and Response to Media and Guidance on Public Opinion for Emergencies (《突發事件媒體應對、輿論引導應急處置》) to minimize losses.

In 2024, in the face of extreme weather and natural disasters, Lushang Services took active action. Before the arrival of flood season, the Company checked and rectified river channels, underground parking areas and other locations, maintained and repaired flood prevention equipment, and conducted regular drills. Before it snowed, the Company deployed in advance and activated the emergency plan. The Company used "mechanical + manual" snow removal and spreading snow-melting agents to remove snow from owners' vehicles. We also visited and comforted senior citizens living alone and bought daily necessities on their behalf. In the face of cold waves, we issued early warning alerts, inspected facilities and equipment, reinforced public facilities and kept trees warm for ensuring the safety and convenience of owners in all aspects.

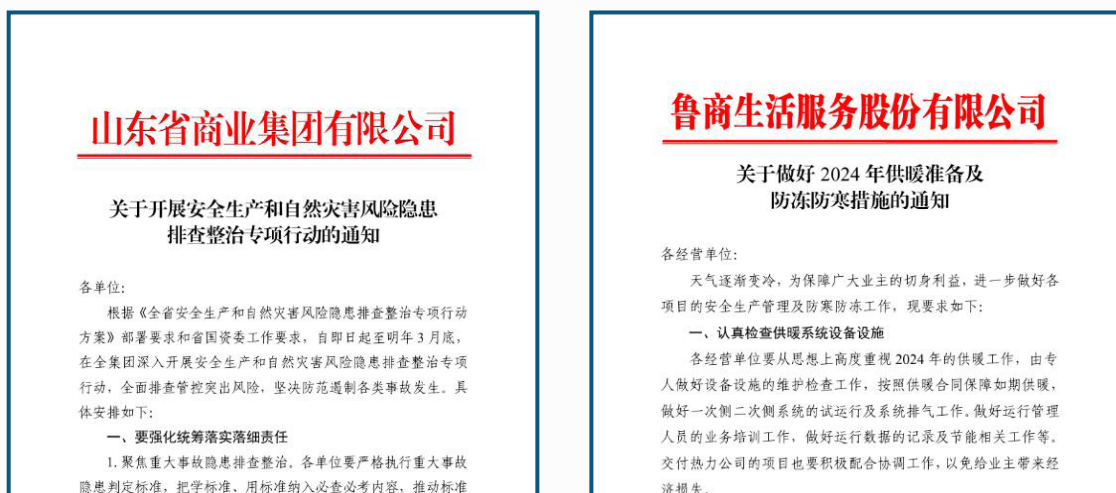


Photo: Lushang Services issued the investigation and prevention measures for climate-related risks

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

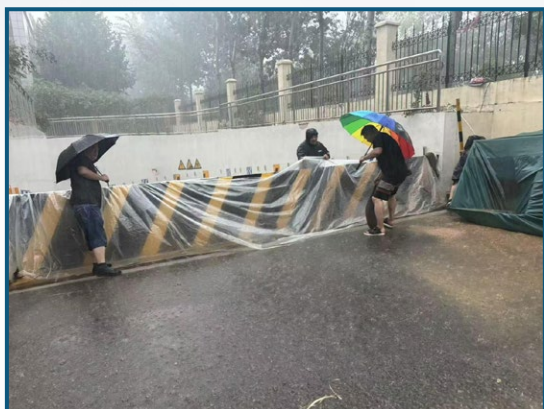


Photo: Actions responding to extreme weathers of Lushang Services

7. GREEN OPERATIONS AND SUSTAINABLE DEVELOPMENT

Metrics and targets

Lushang Services has always had a strong sense of environmental responsibility and is committed to actively alleviating negative environmental impacts such as climate change through strict control and emission reduction. During the Reporting Period, we strictly complied with relevant laws and regulations that have a significant impact on the Company, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). Throughout our daily operations and business expansion, we have deeply embedded the environmental protection concepts into our every decision and action.

Table: Greenhouse gas emissions of Lushang Services

Indicator ⁽¹⁾	Unit	2024	2023
Total greenhouse gas emissions	tCO ₂ equivalent	23,496.72	20,165.89
Direct greenhouse gas emissions ⁽²⁾⁽³⁾	tCO ₂ equivalent	1,645.72	838.77
Indirect greenhouse gas emissions ⁽⁴⁾	tCO ₂ equivalent	21,516.90	19,327.12
Other indirect greenhouse gas emissions ⁽⁵⁾⁽⁶⁾	tCO ₂ equivalent	334.10	N/A
Greenhouse gas emission intensity	tCO ₂ equivalent/million m ² of managed area	996.55	872.98

Notes:

- Greenhouse gas emissions are presented in terms of carbon dioxide equivalent, and are calculated in accordance with the "Notice on Implementing Key Work Related to Reporting and Management of Corporate Greenhouse Gas Emissions in 2022" (《關於做好2022年企業溫室氣體排放報告管理相關重點工作的通知》) published by the Ministry of Ecology and Environment of the People's Republic of China;
- As the Company has updated its statistical method for fossil fuel consumption during the Reporting Period, the direct greenhouse gas emissions data for 2023 has been restated;
- Direct greenhouse gas emissions are the Company's Scope 1 emissions, including fuel combustion in stationary equipment and vehicles;
- Indirect greenhouse gas emissions are the Company's Scope 2 emissions, including purchased electricity and purchased heating;
- Other indirect greenhouse gas emissions are Scope 3 emissions, including methane from waste paper disposal, electricity consumption from water treatment, and employee travel (aviation);
- Scope 3 is a new statistical emission category added in 2024, so there is no relevant data for 2023.

8. OPERATE EARNESTLY TO PURSUE WIN-WIN COOPERATION

As the concept of sustainable development penetrates into every aspect of business operations, supplier management has become a key link in the Companies' implementation of the ESG concept. Lushang Services is deeply aware of this and regards supplier management as an important part of promoting the sustainable development of itself and the supply chain. Lushang Services has strictly complied with the Law of the People's Republic of China on Bid Invitation and Bidding (《中華人民共和國招標投標法》), Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》) and Interim Measures for the Administration of Bidding Agency Service Charges (Ji Jia Ge [2002] No. 1980) (《招標代理服務收費管理暫行辦法》(計價格[2002]1980號)), and has formulated and implemented the Administrative Measures for the Procurement of Lushang Services (《魯商服務採購管理辦法》) and the Administrative Measures for the Supplier Management of Lushang Services (《魯商服務供應商管理辦法》) to further standardize the bid invitation and bidding process. The Company has established a comprehensive supplier management system, working from multiple dimensions to ensure service quality while actively fulfilling its social responsibilities and responding to environmental challenges.

8.1. CLASSIFICATION AND SELECTION OF SUPPLIERS

Lushang Life Services Co., Ltd. divides suppliers into three categories: daily consumables, fixed assets and services. The Company has ensured a fair, open and just environment for each of the 14 procurement procedures, i.e. procurement planning, procurement business application, release of tendering information, compilation and review of tendering documents, offering of tendering documents, clarification and modification of tendering documents, bidding, bid opening, bid evaluation, bid clearance, inspection, bid confirmation, fee collection, and contract signing. In the performance stage upon the signing of contract, the suppliers are evaluated in terms of their performance of contracts, so as to determine the continuous engagement or termination of suppliers. The Company has various requirements for suppliers in the primary selection for procurement. For companies that signed up for bidding, they may only be included into the supplier database by each department upon meeting the relevant requirements of the PRC and the Company, and are subject to review throughout the process of providing services and products. ESG-related factors are also taken into consideration in the screening criteria. We are committed to choosing more environmentally friendly products and services. For example, for the purchase of vehicles for municipal sanitation operations, six national emission standards shall be met, and the National Energy-saving Product Certification (《國家節能產品認證證書》) and ISO management system certification (quality, environment, and occupational health) shall be obtained. The Company has formulated different screening processes for different procurement amounts and types. Procurement of goods, services and engineering construction exceeding RMB50,000 shall be carried out in accordance with the Administrative Measures for Bidding Management of Lushang Life Services Co., Ltd. (《魯商生活服務股份有限公司招標管理辦法》). Long-term suppliers of daily consumables and fixed assets are selected annually through centralized bidding or a combination of on-site inspections and tripartite price comparisons, and purchase and sales contracts shall be signed.

8. OPERATE EARNESTLY TO PURSUE WIN-WIN COOPERATION



8.2. SUPPLIER MANAGEMENT

In order to improve the service standard and performance capability of suppliers and meet the Company's development needs, during the Reporting Period, the Company conducted face-to-face negotiations with suppliers to strengthen communication with suppliers, urge suppliers to improve their service standard and promote the Company's brand image, thereby achieving a win-win situation with suppliers.

In accordance with the supplier management system, we regularly conduct semi-annual and annual supplier performance evaluations and hold interviews based on the evaluation results. Each project provides regular training to outsourced personnel such as security and cleaning staff. After the end of projects, the responsible department for each project and the Project Services Division shall conduct a comprehensive annual evaluation of the supplier.

As of December 31, 2024, the Company had 177 suppliers, of which 143 were in East China, which had the most number of suppliers.

Table: Distribution of suppliers by geographical region

Distribution of suppliers by geographical region ⁽¹⁾	Unit	2024	2023
East China	Number	143	143
Northeast China	Number	11	10
North China	Number	10	16
South China	Number	9	4
Hong Kong, China	Number	3	0
Central China	Number	1	2

Note:

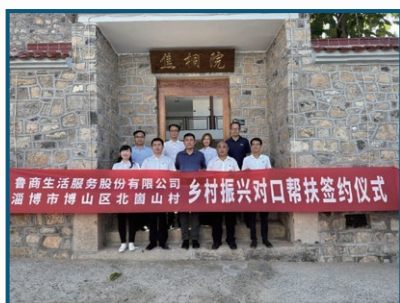
1. East China includes Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong; North China includes Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia; Southwest China includes Chongqing, Sichuan, Guizhou, Yunnan, Tibet; Northeast China includes Heilongjiang, Jilin, Liaoning.

9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

In 2024, Lushang Services enhanced its influence in public welfare, practised its responsibilities as a state-owned enterprise, vigorously publicized the spirit of Lei Feng (雷鋒精神) and the volunteer service concept of “dedication, kindness, mutual assistance, and betterment”, further promoted the normalization of volunteer services, and continued to polish Lushang Services’ brand of “Radiant Charity” (螢光公益). The Company carried out various public welfare activities such as poverty alleviation and donations, community welfare, cultural construction, environmental protection and volunteer services in order to advocate new trends and deliver positive energy.

Case: Lushang Services and Boshan Gushan Village held a signing ceremony for the “Rural Revitalization Assistance” (鄉村振興對口幫扶) agreement

Lushang Services actively responded to the call of the national rural revitalization strategy and signed a counterpart assistance agreement with Beigushan Village, Boshan District, Zibo City, injecting strong impetus into promoting rural industrial development. At the end of the event, Lushang Services entered the live broadcast room of the “Lushang Services Qifu Life” (魯商服務祺服生活號) platform to assist in the sales of agricultural products and help fruit farmers increase their income and become rich. In the next step, the Company will carry out more in-depth exchanges and cooperation with local communities of Boshan, jointly explore new paths and innovative models for rural revitalization, and contribute the strength of Lushang Services to rural revitalization.



Case: Lushang Services launched the “Radiant Charity Action, One-Day Charity Donation” (螢光益起行，慈心一日捐) activity

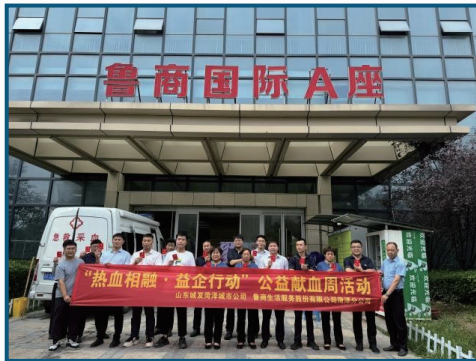
In November 2024, LuShang Services launched the “Radiant Charity Action, One-Day Charity Donation” fundraising campaign. This fundraising campaign raised a total of RMB 30,726.88 and donated it to the Shandong Charity Federation (山東省慈善總會). Lushang Services will continue to play the role of a state-owned enterprise, promote the charitable spirit of solidarity and mutual assistance, poverty alleviation, caring and dedication, actively participate in charity actions, practice good deeds and convey warmth. By continuously enhancing the influence of the brand of “Radiant” Charity, Lushang Services strives to become a “leader” in public welfare, contributing to helping people in need, improving people’s livelihood and promoting the development of charity.



9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

Case: Lushang Services launched the event of blood donation week themed “Blood Blending, Action of Charity Enterprise” (熱血相融，益企行動)

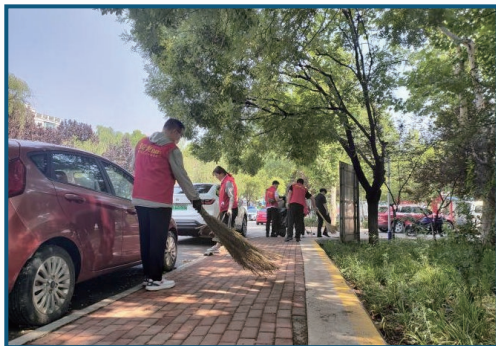
In July 2024, Lushang Services launched the event of blood donation week themed “Blood Blending, Action of Charity Enterprise”, vigorously promoting the volunteer spirit of “dedication, love, mutual assistance, and progress”, demonstrating the Company’s good demeanor of bravely shouldering social responsibilities, thereby delivering positive energy to the society. In the future, Lushang Services will continue to uphold this spirit, actively engage in social welfare undertakings, and contribute to building a harmonious society.



9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

Case: Lushang Services launched a series of activities called “Practical Actions for Everyone, and Volunteer Service is Pioneering” (我為群眾辦實事，志願服務先鋒性)

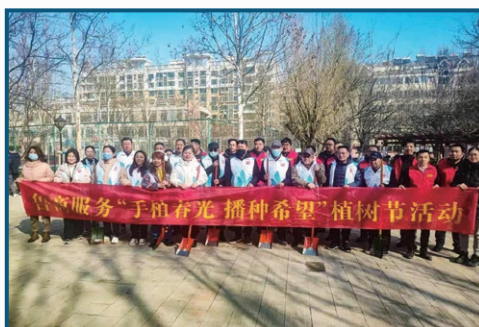
Lushang Services launched a series of theme activities for “Lei Feng Month”. During the activities, garbage was picked up and cleaned around the community, in squares, and in green belts, which improved the environmental appearance of the park and created a clean, beautiful, and livable living environment. At the same time, in order to promote the spirit of Lei Feng and facilitate the home life of community owners and residents, the Company carried out publicity on the standardized management of electric vehicles, provided home repairs, massage, acupressure, blood pressure measurement and other free convenience support services, so that community residents can truly feel the caring service at their doorstep, which effectively enhanced the happiness and sense of gain of the community people. In the future, Lushang Services will continue to inherit the spirit of Lei Feng through practical actions and spread good community trends that are positive and kind.



9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

Case: Lushang Services launched the “Planting Spring, Sowing Hope” (手植春光，播种希望) Arbor Day event

In order to promote the environmental protection spirit of “creating green, loving green, and protecting green”, explore business linkage, improve service quality, and build a harmonious green home, Lushang Services launched the “Planting Spring, Sowing Hope” Arbor Day event on the coming of Arbor Day, taking practical actions to help optimize the park environment, promote green ecology, and build a harmonious community.

**Case: Lushang Services launched the “Snow Sweeping Volunteer Action, Warmth Warms People’s Hearts” (扫雪志愿行，温情暖人心) volunteer activity**

In February 2024, Lushang Services launched the “Snow Clearing Volunteer Action, Warmth to People’s Hearts” volunteer activity, clearing ice and snow in a timely manner after the first heavy snowfall after the New Year, ensuring road traffic safety and eliminating safety hazards for community residents’ travel.



9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

Case: Lushang Services launched a visit and condolence activity of “Sending warmth in the cold winter and warming people’s hearts with endless love” (寒冬瑟瑟送温情，情意绵绵暖人心)

In January 2024, Lushang Services launched a visit and condolence activity called “Sending warmth in the cold winter and warming people’s hearts with endless love”, providing condolence money, rice, oil and other condolence items to the Company’s needy employees and employees from other regions, striving to do good things and solve problems for employees. Lushang Services has conducted a survey on the situation of needy employees at the grassroots level and set up a file for needy employees. In the future, Lushang Services will continue to pay attention to the dynamics of employees in difficulties, strive to solve their problems, and let the employees fighting on the front line truly feel the care of the Company’s big family and experience the warmth of “home”.



9. CONTRIBUTE TO PUBLIC WELFARE AND GIVE BACK TO THE SOCIETY

Case: Lushang Services launched the “Lushang Services Festival” (魯商服務節) event

In May 2024, Lushang Services organized various projects and held the 8th “Lushang Services Festival”. Among them, the Lan'an New City project provided various convenient services mainly to meet the daily life needs of the owners, including free cleaning of floor mats and screens, free basic health consultation services, free vision testing, kitchen knife sharpening, etc. At the same time, a small Lushang market and a children's play area were also set up to meet the needs of the owners to the greatest extent. This helps deepen communication with community owners, and contribute to strengthening the promotion of the brand of Lushang Services, building brand image, and enriching community cultural activities, thereby promoting the construction of a civilized and harmonious community.



APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
Environmental	A1: Emissions	General Disclosure: Information on: Incorporate green operations into the Company's development	7. Green Operations and Sustainable Development
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
		A1.1: The types of emissions and respective emissions data.	7. Green Operations and Sustainable Development
		A1.2: Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7. Green Operations and Sustainable Development
		A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7. Green Operations and Sustainable Development
		A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7. Green Operations and Sustainable Development
		A1.5: Description of emission target(s) set and steps taken to achieve them.	7. Green Operations and Sustainable Development
		A1.6: Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7. Green Operations and Sustainable Development

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
	A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	7. Green Operations and Sustainable Development
		A2.1: Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	7. Green Operations and Sustainable Development
		A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7. Green Operations and Sustainable Development
		A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them.	7. Green Operations and Sustainable Development
		A2.4: Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7. Green Operations and Sustainable Development
		A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	7. Green Operations and Sustainable Development
	A3: The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	7. Green Operations and Sustainable Development
		A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7. Green Operations and Sustainable Development
	A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7. Green Operations and Sustainable Development
		A4.1: Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7. Green Operations and Sustainable Development

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
Social	B1: Employment	General Disclosure: Information on:	6. Be People Oriented and Foster Mutual Development
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	
		B1.1: Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
	B2: Health and Safety	B1.2: Employee turnover rate by gender, age group and geographical region.	6. Be People Oriented and Foster Mutual Development
		General Disclosure: Information on:	
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to providing a safe working environment and protecting employees from occupational hazards.	
		B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6. Be People Oriented and Foster Mutual Development
		B2.2: Lost days due to work injury.	
		B2.3: Description of occupational health and safety measures adopted, and how they are implemented and monitored.	

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
	B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6. Be People Oriented and Foster Mutual Development
		B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6. Be People Oriented and Foster Mutual Development
		B3.2: The average training hours completed per employee by gender and employee category.	6. Be People Oriented and Foster Mutual Development
	B4: Labour Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6. Be People Oriented and Foster Mutual Development
		B4.1: Description of measures to review employment practices to avoid child and forced labour.	6. Be People Oriented and Foster Mutual Development
		B4.2: Description of steps taken to eliminate such practices when discovered.	6. Be People Oriented and Foster Mutual Development

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
B5: Supply Chain Management		General Disclosure: Policies on managing environmental and social risks of the supply chain.	8. Operate Earnestly to Pursue Win-Win Cooperation
		B5.1: Number of suppliers by geographical region.	8. Operate Earnestly to Pursue Win-Win Cooperation
		B5.2: Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	8. Operate Earnestly to Pursue Win-Win Cooperation
		B5.3: Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	8. Operate Earnestly to Pursue Win-Win Cooperation
		B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	8. Operate Earnestly to Pursue Win-Win Cooperation
B6: Product Responsibility		General Disclosure: Information on:	5. Premium Quality and Service Excellence
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
		B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to our business

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
		B6.2: Number of products and service related complaints received and how they are dealt with.	5. Premium Quality and Service Excellence
		B6.3: Description of practices relating to observing and protecting intellectual property rights.	4. Strictly Control Risks and Practise Honestly
		B6.4: Description of quality assurance process and recall procedures.	Not applicable to our business
		B6.5: Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5. Premium Quality and Service Excellence
	B7: Anticorruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4. Strictly Control Risks and Practise Honestly
		B7.1: Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4. Strictly Control Risks and Practise Honestly
		B7.2: Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4. Strictly Control Risks and Practise Honestly
		B7.3: Description of anti-corruption training provided to directors and staff.	4. Strictly Control Risks and Practise Honestly

APPENDIX: CONTENT INDEX TO THE ESG REPORTING GUIDE

Subject Area	Aspect	KPI	Corresponding Content
	B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9. Contribute to Public Welfare and Give Back to the Society
		B8.1: Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	9. Contribute to Public Welfare and Give Back to the Society
		B8.2: Resources contributed (e.g. money or time) to the focus area.	9. Contribute to Public Welfare and Give Back to the Society

