



2024 | Environmental, Social and Governance (ESG) Report



About the Report

This is an Environmental, Social and Corporate Governance (ESG) report for the year 2024 issued by Luen Mei Quantum Co., Ltd. (hereinafter referred to as "Luen Mei Quantum" "the Company" or "We"). The report comprehensively presented our efforts and progress in environmental protection, social responsibility and corporate governance. For better communication and engagement with stakeholders, we tried our best to make the report concise, clear and easy to read. The reader feedback form at the end of the report is designed for recording your comments and suggestions which are crucial for us.

Organizational Scope

Unless otherwise specified, the scope of this report is consistent with that of the consolidated statement of the Company's 2024 annual report, that is, covering the Company and its subsidiaries.

Reporting Period

This report covers the period from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "reporting period"). Considering the continuity and comparability of the disclosed information, some contents may relate to previous years or subsequent years.

Release Period

This report is an annual report and the sixth environmental, social and corporate governance (ESG) report issued by the Company.

Information Description/Data Source

The information and data cited in this report come from the official documents, statistical reports and financial reports of the Company, all of which have been audited by relevant departments of the Company. The financial data in the report are in RMB as the bookkeeping currency, unless otherwise noted.

Reference Standards/Basis of Compilation

- United Nations Sustainable Development Goals (SDGs);
- GRI standards;
- *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*;
- *SSE Guideline for Self-regulation of Listed Companies No.4-Compilation of Sustainable Development Report*;
- *Guidelines for Sustainable Development Report of China Enterprises (CASS-ESG 6.0)-General Framework*.

Access to the Report

This report is released in Chinese and English, and the electronic version can be viewed and downloaded on the website of Shanghai Stock Exchange (<https://www.sse.com.cn/>) and the Company's official website (<http://www.luenmeilz.com/>). In case of any discrepancy between the two versions, the Chinese version shall prevail.

CONTENTS

Chairman's Message 01

Entering Luen Mei 03

Company Profile 03
Organizational Structure 04
Development History 05
Management Strategy 07
Corporate Culture 08
Honors in 2024 09

ESG Management 10

ESG Management Structure 10
Communication with Stakeholders 12
Analysis of Material Topics 13

Key Performance Table 51

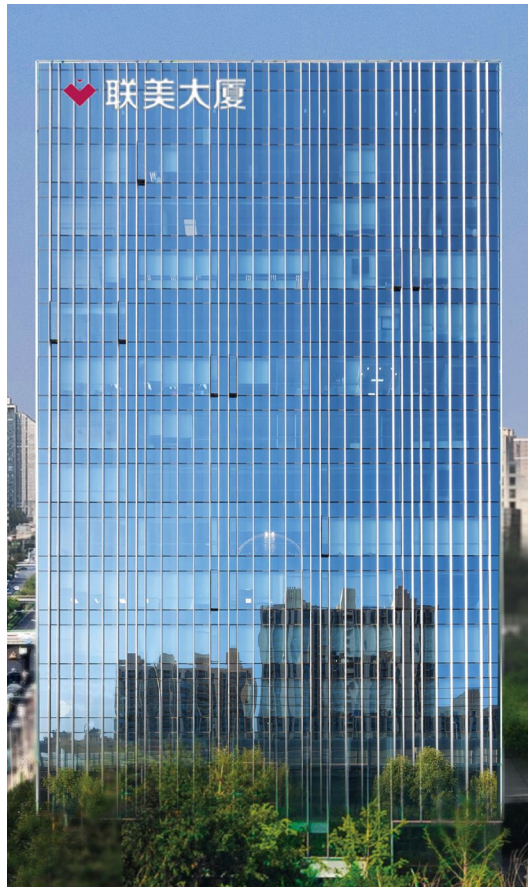
Index table 54

Reader Feedback Form 59

01 Connecting Together for Co-governance and Co-growth



Standardizing Corporate Governance 17
Business Compliance Management 20
Upholding Business Ethics 20
Protecting Investors' Interests and Rights 21



02 Protecting and Beautifying the Environment Jointly



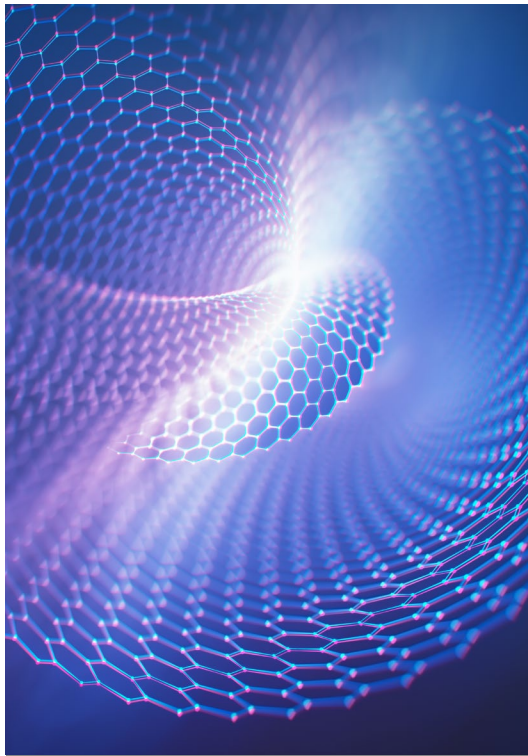
Climate Change Tackling 25
Strengthening Environmental Management 28
Optimizing Resource Utilization 31



03 Benefiting Thousands of Household, Creating Better Future Together



Innovation-driven Transformation 37
Stick to Strict Quality Control 38
Optimizing Service Experience 40
Create a Sustainable Supply Chain 42
Protect Employees' Rights and Interests 43
Building a Harmonious Society Together 49



Chairman's Message



In an era that continually surges forward, our commitment to responsibility becomes ever more profound. As we stand at the historical milestone of 2024, upholding the spiritual principle "Connecting to the Future, Making Life Beautiful", with the original aspiration of serving the nation through industry, the boldness of driving development by innovation, and the commitment to green development, Luen Mei Quantum leaves its footprint after footprint on the journey towards sustainable development. This year, we have embraced our role not only as active participants in the "carbon peaking and carbon neutrality" strategy but also as pioneers of new quality productive forces. We are both the creator of a better life and staunch guardian of social value. On behalf of Luen Mei Quantum, I extend our sincerest gratitude to all partners who have supported and encouraged us and share with you our reflections and practices on sustainable development.

With Green as the Foundation, Pioneering a New Realm of Sustainable Development

In the face of dual challenges posed by global climate change and energy transition, Luen Mei Quantum has always upheld green development as the lifeline of the enterprise. We deeply understand that "green" is the distinctive undertone of high-quality socio-economic development. As a pioneer in China's clean energy supply sector, we actively respond to the national "carbon peaking and carbon neutrality" initiative, adhering to the principles of "clean, efficient, smart, and low-carbon." Guided by forward-looking strategic planning, we have comprehensively reviewed and upgraded our integrated energy strategy and found four pathways—developing low-carbon technologies for energy conservation and emissions reduction, expanding integrated energy services, exploring energy storage markets, and laying out hydrogen energy industries.

Taking Responsibility as the Anchor, Writing the Chapters of Shared Prosperity

We firmly believe that the value of an enterprise lies not only in profit creation but also in sharing development outcomes with society. Luen Mei Quantum is committed to its mission of "Connecting to the Future, Making Life Beautiful", navigating with mutual benefit and leveraging technological innovation to drive capital investment for good, technology development well, and industrial convergence. We advocate for coordinated governance across the industrial chain and shared value among stakeholders, aiming to transform the business ecosystem from zero-sum games to positive-sum co-creation. We uphold our multi-dimensional commitments to shareholders, employees, the environment, and society.

Using governance as the helm, steer towards a new era of inclusive and shared progress

Today the consensus on sustainable development is rapidly solidifying, corporate governance has transcended its role as a mere "compliance baseline" to become the core engine driving the "value creation". Luen Mei Quantum, using governance as the helm, steers towards the intersection of long-termism and inclusive growth. In resonance with the advancement of business civilization and human well-being, it calibrates its direction and scale for moving forward on the path of sustainable development. We are keenly aware that exemplary governance is the cornerstone of lasting prosperity. In 2024, our company has continued the development and improvement of ESG management framework, fully identifying and analyzing the impacts, risks, and opportunities presented by sustainable development factors to the Company, aiming at activating the Company's value potential through system innovation and ensuring every strategic decision on sustainability can stand the test of time.

In such an era focusing on sustainable development, Luen Mei Quantum is committed to following this path with unwavering dedication. We firmly believe that by rooting ourselves in green development, embracing our social responsibilities, and using governance as our guiding light, we will be able to write our unique story on the canvas of this era. Let us look forward together to a future where the skies are bluer, cities are more beautiful, and communities are warmer!

April 2025

Company Profile

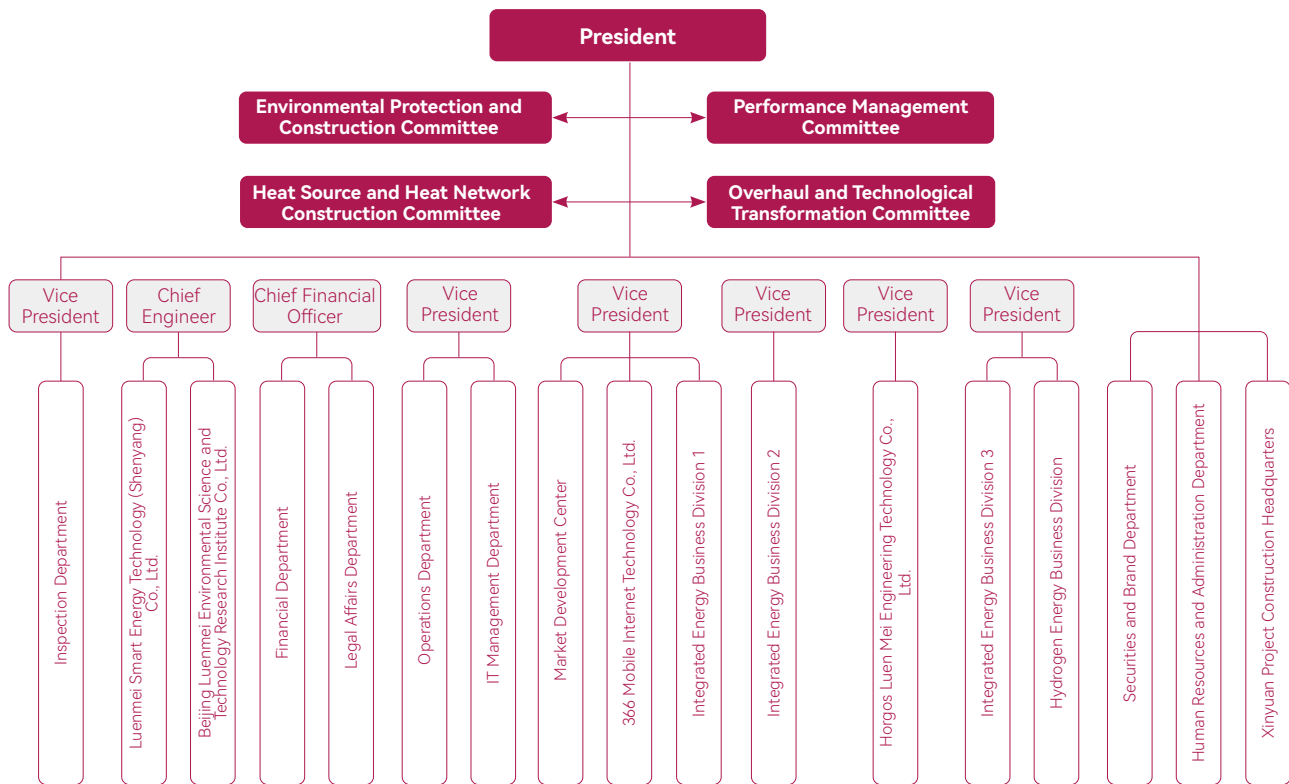
Luen Mei Quantum Co., Ltd. (hereinafter referred to as "Luen Mei Quantum", "Company" or "We") (stock code: SH.600167) is a core member enterprise of Luen Mei Group, the largest clean heating company listed on A-share market at present. As an integrated energy smart operator, the Company integrates clean coal-fired combined heat and power (CHP), natural gas distributed cooling/heat/electricity integrated supplies, recycled water-source thermal pump heating, biomass-fueled combined heat and power (CHP) generation and hydrogen industry chain development.

Over the years, the Company has consistently adhered to its business philosophy of technological innovation as a driving force and lean management as its cornerstone. Based on different energy needs and regional characteristics of energy use, focusing on the goals of "low carbon, cleanness, efficiency, and economy", the Company provides appropriate integrated energy solutions and smart operations management service in line with its goals of low carbon, cleanness, efficiency, and economy. It achieves smart energy operations and provides energy management service using the Luen Mei Smart Operations Platform to address the needs of urban residents for heating and cooling and to meet the multi-energy requirements of industrial parks, huge urban public buildings, and others.

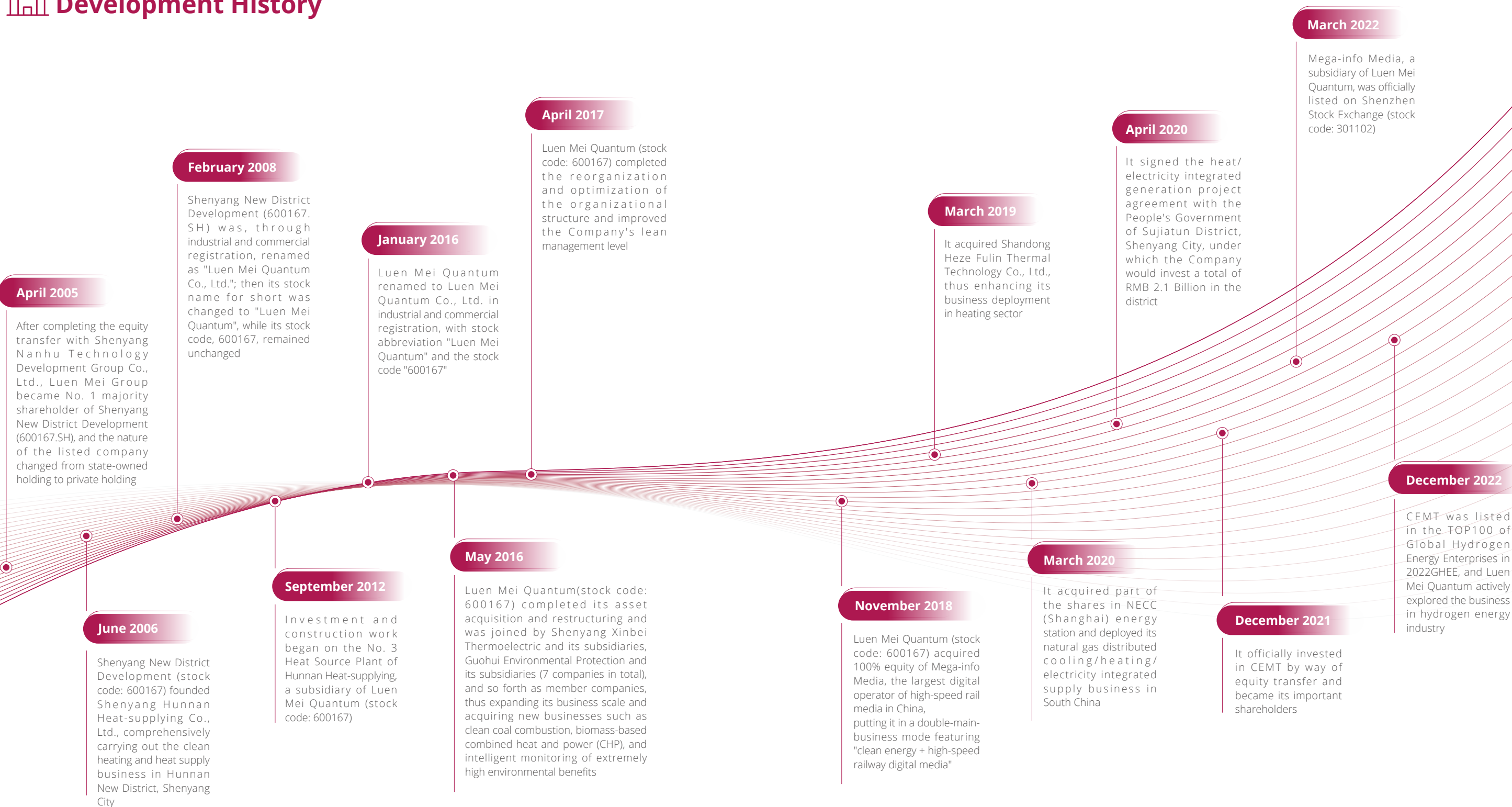
Luen Mei Quantum is based in Shenyang, Liaoning and seeks to expand nationwide in "self-building + acquisition + operations management" mode. It is currently implementing and operating multiple projects in Shenyang, Liaoning; Taizhou, Jiangsu; Heze, Shandong; Shanghai; and so forth. Among these, its demonstration projects—including flue gas waste heat recovery, the demonstration application of Intelligent Heating 2.0, and recycled water-source thermal pump heat source stations—are in the leading position in the industry. Through these projects, the Company has continuously contributed to green, low-carbon, and energy-saving emission reductions across society, providing high-quality integrated energy services for social development and people's lives and realizing an organic integration of social, economic, and ecological benefits.

Technological innovation as a driving force | lean management as its cornerstone

Organizational Structure



Development History



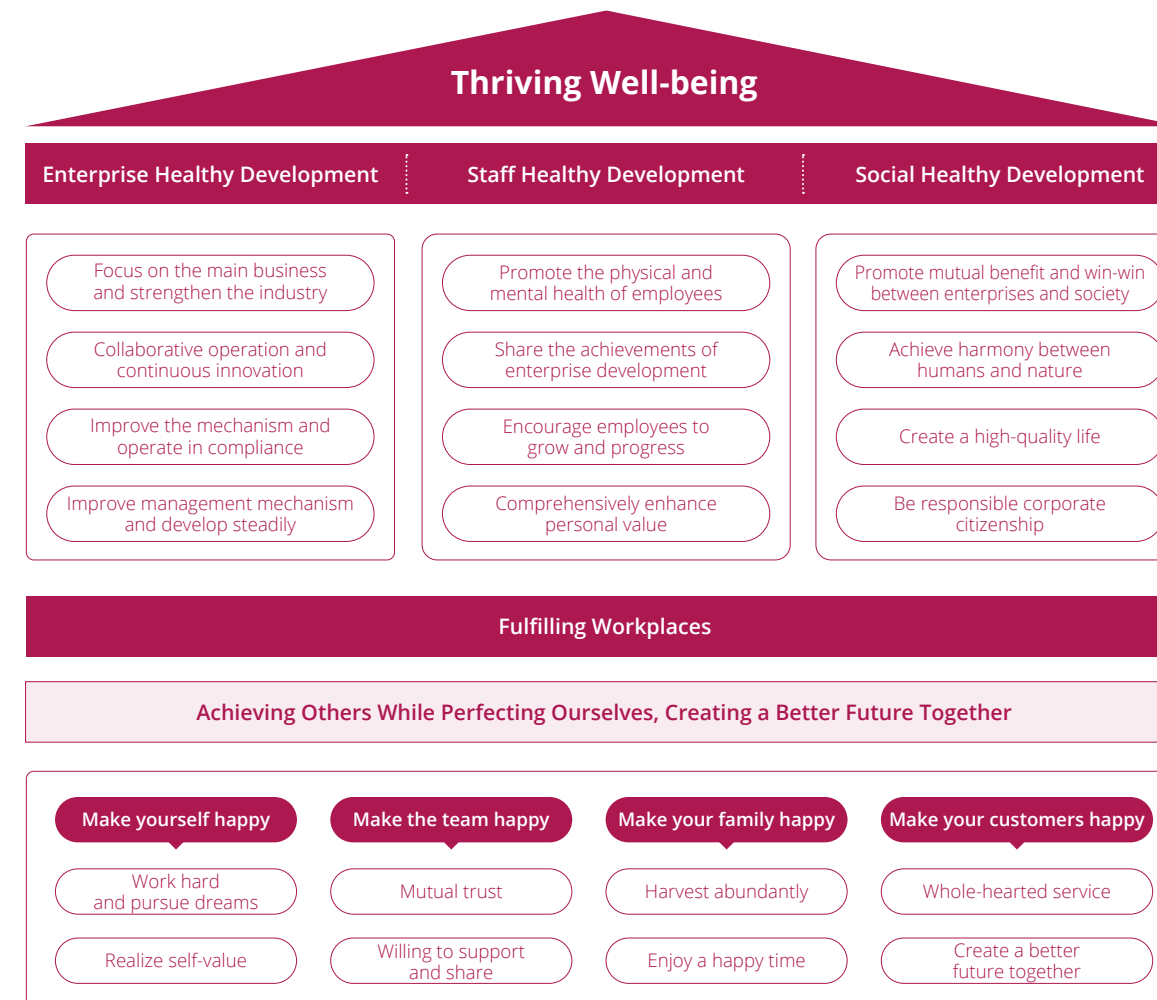
Management Strategy

Driven by technological innovation, the Company actively adapts to changes in both internal and external environments, aligning itself with the evolving trends of the times. With the triple mode of "self-building + acquisition + operations management", the Company strategically expanded its business across the nation. By continuously reinforcing its operational foundation and firmly adhering to its strategic roadmap, the Company leverages its managerial strengths to overcome challenges and maintained a robust and steadily improving operational performance, thus laying a solid foundation for the Company's sustained, healthy, and high-quality growth.

The Company mainly engages in the following business: heat supply, power supply, steam supply and engineering construction. The combined heat and power (CHP) with a focus on clean heating, recycled water-source thermal pump heating, biomass-fueled combined heat and power (CHP) generation, clean energy based cooling/heat/electricity integrated supplies, are all businesses prioritized for development by the state. The Company will continue to focus on core products in cooling, heating, electricity, and steam supplies, integrating the latest energy technologies and equipment to provide customers with clean, efficient, safe, and stable integrated energy solutions. While further enhancing the efficiency of urban centralized heating systems, the Company will vigorously develop distributed clean energy technologies and equipment to achieve cleaner upgrades at the source; At the end, the Company will further improve its service quality by leveraging IoT technology to enhance response speed and precision, realizing accurate feedback.



Corporate Culture



Honors in 2024

- China Institute of Energy Economics**

Research China Energy News

Made the "2024 China Energy (Group) Top 500" for the fifth time
- JRJ.com**

Won the JRJ's 13th "GoldenWis" Award

Won the "Green and Low Carbon Outstanding Contribution Award"
- China securities indexESG**

ESG Rating Ranked third in the industry
- National Business Daily**

The 13th Summit of Listed Companies in China Won the Award for the Most Socially Responsible Listed Companies
- China ESG Observers Consortium**

Selected in 2024 Report on *ESG Practices of Chinese Enterprises* Excellent case of social management practice
- Office of National High-Tech Enterprise Identification and Management Leading Team**

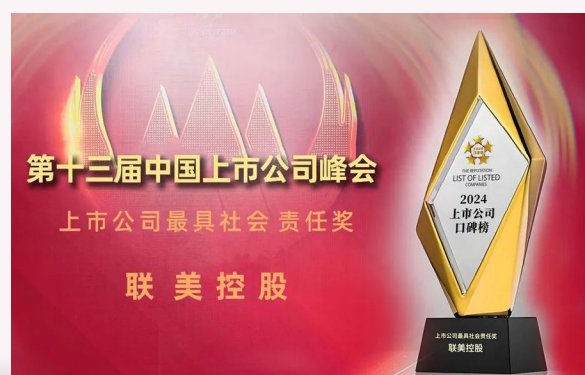
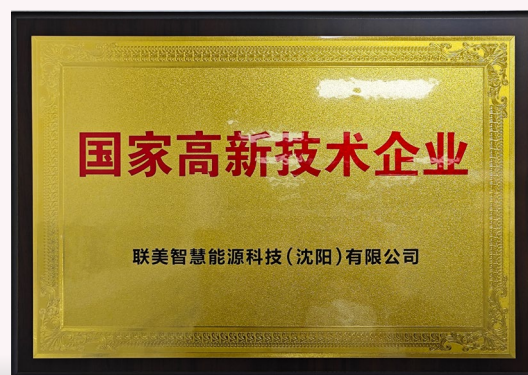
Luen Mei Smart Energy, a subsidiary company, was Recognized as a National High-Tech Enterprise
- Shenyang High-tech Enterprises Association**

Guohui Environmental Protection passed the national high-tech enterprise recognition review for four consecutive times
- China Industry News Agency**

China Energy Industry Development Network

Won the "Green Energy Star Excellence Award"
- Ministry of Culture and Tourism of the People's Republic of China**

Mega-info Media, a subsidiary of Luen Mei Quantum, passed the review of "National Cultural Industry Demonstration Base"

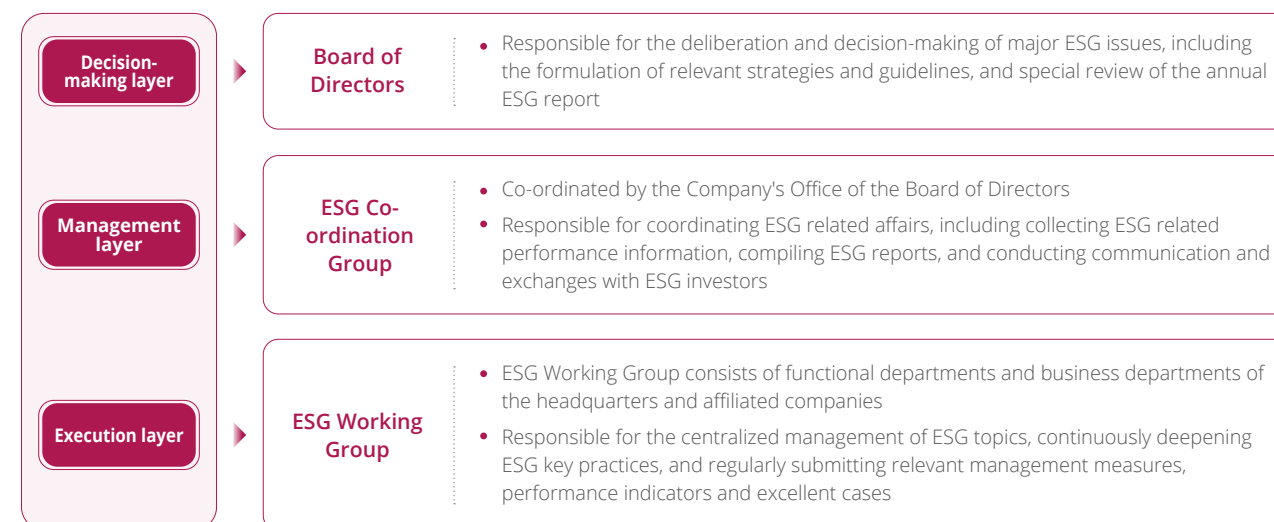


ESG Management

Luen Mei Quantum consistently practices the concept of sustainable development and fulfills its social responsibilities. By integrating sustainability into its corporate strategy and operations, the Company continuously optimizes its ESG management system. In 2024, the Company further strengthened its ESG management by systematically reviewing material topics, management strategies, practical actions, and key performance related to environmental protection, social responsibility, and corporate governance. The Company actively responded to the expectations and demands of its stakeholders and was committed to providing clean, reliable, and affordable heating services to the public in a manner that is honest, responsible, and sustainable.

ESG Management Structure

Luen Mei Quantum has established a top-down three-level ESG management structure, clearly defining the responsibilities at all levels, effectively promoting all departments to actively participate in ESG work, helping the Company comprehensively, systematically and efficiently transforming its sustainable development concept and commitment to stakeholders into concrete actions.



Luen Mei Quantum has continuously improved its scientific ESG management by organizing sustainability and ESG related training sessions and activities for relevant personnel, improving the sustainability awareness and professional expertise of decision-making layer, management layer, and executive layer, thus ensuring the relevant personnel are equipped with the necessary skills and capabilities. During the reporting period, Luen Mei Quantum actively engaged senior executives in ESG training and exchange events hosted by prestigious organizations such as the Shanghai Stock Exchange and the China Association for Public Companies, as well as other societal forums like the 2024 ESG Management System Conference for Listed Companies, making them stayed informed about the latest policy developments and trends in ESG and learn from industry-leading practices, thus significantly improving its professional understanding and practical capabilities in environmental, social, and governance areas. Simultaneously, the Company's Securities and Brand Department continuously studied relevant regulations and guidelines, deepening their knowledge of ESG related subjects to further enhance the Company's ESG management capabilities.

By establishing a regularized ESG learning mechanism, Luen Mei Quantum has further enhanced the integration of sustainable development principles and its daily operations and management, laid a robust foundation for the effective implementation of the Company's ESG strategy.







Case Luen Mei Quantum Participated in the 2024 ESG Management System Conference for Listed Companies.

On September 26, 2024, Luen Mei Quantum participated in the 2024 ESG Management System Conference for Listed Companies themed "focusing on practice of sustainable development and creating a new engine for value growth". The conference collected excellent ESG cases from all listed companies and their subsidiaries, and presented 48 excellent practice cases. Among them, Luen Mei Quantum won the award of "Excellent Social Management Practice Case" by its efforts in "Striving to Create Social Value, Intelligent Heating Making Life Beautiful".



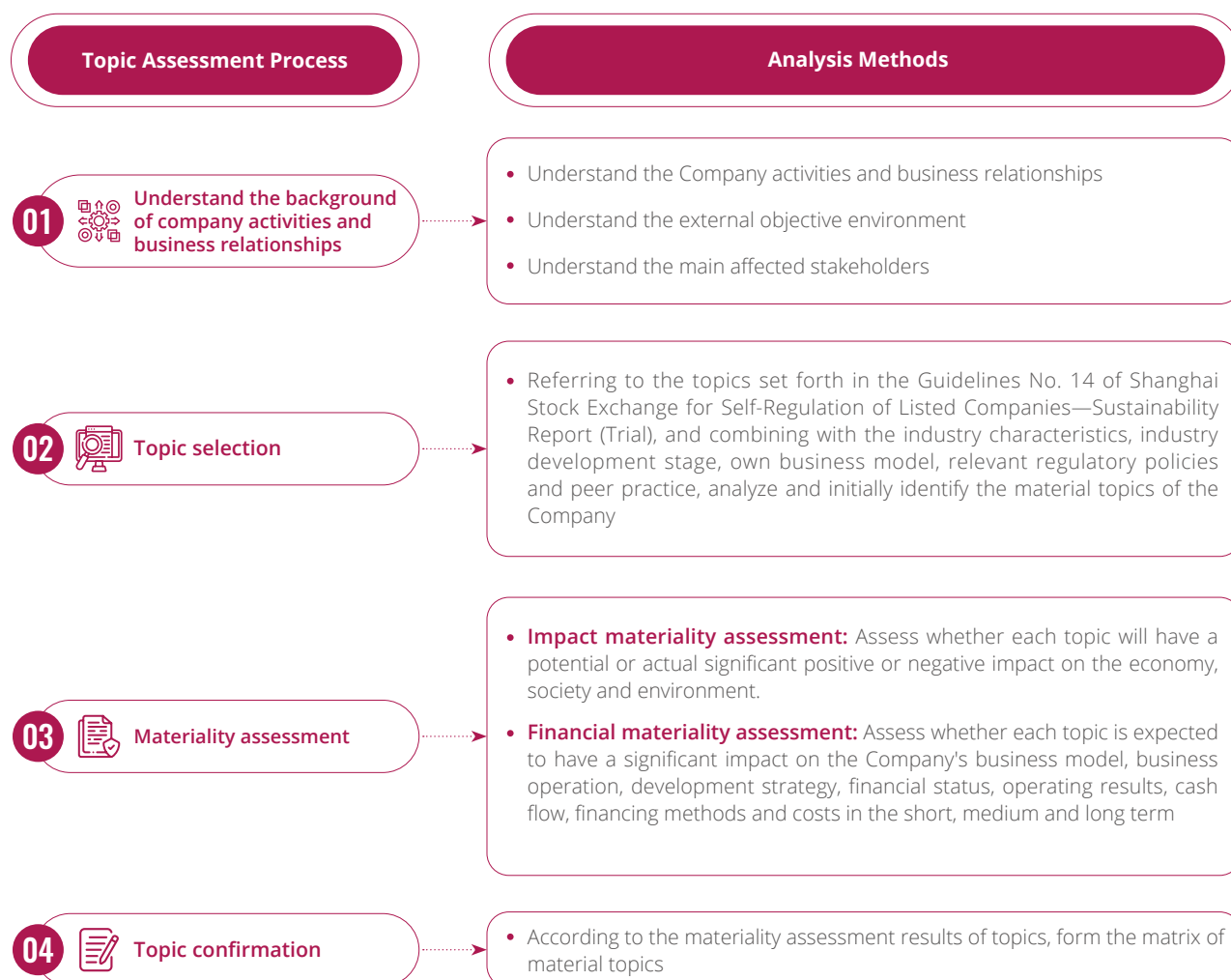
▼ Communication with Stakeholders

To better understand and actively address the expectations and concerns of various stakeholders, the Company identified its key stakeholders based on the industry trends, the Company's characteristics and development status. By maintaining communication with these stakeholders through diverse channels, including stakeholder interviews, surveys, and other forms of engagement conducted on a regular or ad-hoc basis, the Company listened to their suggestions and provided timely and appropriate responses, promoted the stakeholders' further understanding on the Company's ESG governance practice, thereby improving the Company's ESG governance capabilities and promoting its fulfillment of its social responsibilities.

Stakeholders	Focus Areas	Communication Mode	Luen Mei Quantum's Responses
 Governments and regulatory authorities	<ul style="list-style-type: none">• Providing reliable heating services• Integrity and Compliance in operations• Paying taxes according to law	<ul style="list-style-type: none">• Government communication meeting• Exchange with regulatory agencies• Information disclosure and submission• Regular visits	<ul style="list-style-type: none">• Guarantee heating service• Abide by laws and regulations• Pay taxes voluntarily according to law
 Shareholders	<ul style="list-style-type: none">• Steady growth in performance• Standardized company governance• Transparent information disclosure	<ul style="list-style-type: none">• Periodic reports and information announcements• Investor investigation• Shareholders' Meeting• Interactive platform communication and answering questions	<ul style="list-style-type: none">• Improve business performance• Strengthen internal control level• Regular information disclosure
 Employee	<ul style="list-style-type: none">• Protection of employees' rights and interests• Occupational health and safety• Training and career development• Compensation and benefits growth	<ul style="list-style-type: none">• Hold the workers' congress• Employee satisfaction survey• Organize all kinds of employee training• Set up complaint and feedback mailboxes.• Organize staff recreation and sports health activities	<ul style="list-style-type: none">• Expand communication and feedback channels• Strengthen the occupational health construction• Optimize the training and promotion mechanism• Improve the compensation and benefits system
 Customers	<ul style="list-style-type: none">• Improve service quality• Protect customers' rights and interests	<ul style="list-style-type: none">• Disclose service quality commitment• Customer room temperature measurement• Telephone hotline services• Customer satisfaction survey	<ul style="list-style-type: none">• Strengthen personnel training• Perfect after-sales service
 Business partners	<ul style="list-style-type: none">• Supplier/contractor management• Fair and transparent procurement• Win-win cooperation	<ul style="list-style-type: none">• Hold bidding meeting• Contract negotiation and daily meeting• On-site inspection• Supplier evaluation work	<ul style="list-style-type: none">• Create responsible supply chain• Fair and open bidding• Industrial chain cooperation and exchange
 Communities	<ul style="list-style-type: none">• Promoting employment growth• Protecting the community environment• Driving the development of local communities• Participating in charity activities	<ul style="list-style-type: none">• Hold public open day• Community visits and exchanges.• Employee volunteer service activities• Carry out knowledge publicity and education	<ul style="list-style-type: none">• Create employment opportunities• Strengthen environmental protection management• Support community building• Carry out public welfare projects

▼ Analysis of Material Topics

Luen Mei Quantum, based on its business scope, industry characteristics, expectations of internal and external stakeholders, and global sustainable development trends, has updated and upgraded its corporate evaluation system in accordance with relevant domestic and international disclosure standards such as the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* and the *GRI 3: Material Topics*, incorporated financial materiality analysis based on the previous impact materiality assessment, thereby comprehensively identifying topics that affect the Company's financial, economic, environmental, and social aspects and pertain to stakeholder concerns and forming a matrix of material topics.



Matrix of material topics



01

Connecting Together for Co-governance and Co-growth



联美大厦

Response to United Nations Sustainable
Development Goals (SDGs)



- Standardized corporate governance
- Business compliance management
- Upholding business ethics
- Protecting investors' interests and rights

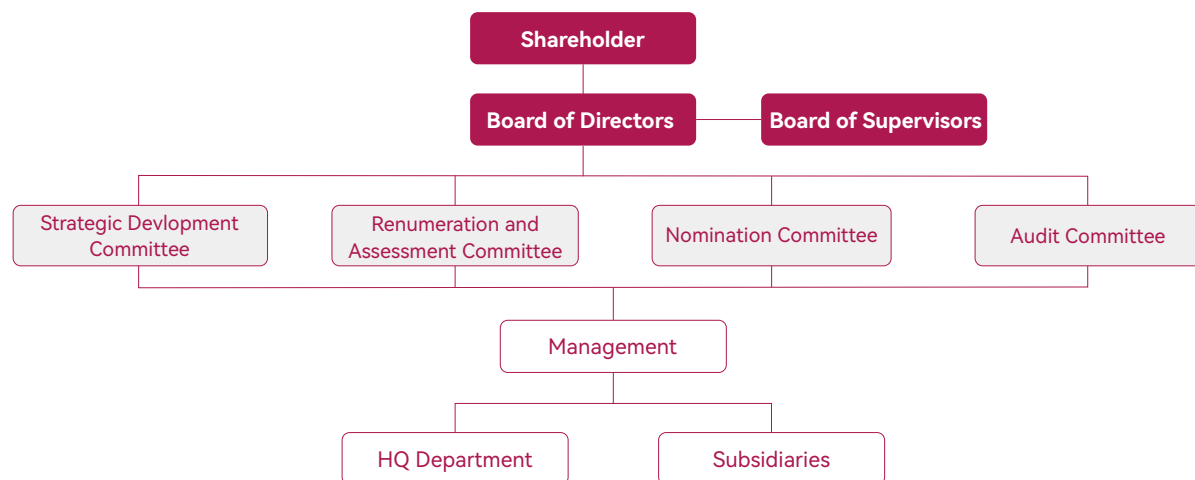
In Luen Mei Quantum' ESG practice journey, a sound and efficient governance system serves as the cornerstone, solidifying the foundation for the Company to fully fulfill its social responsibilities and achieve sustainable development. Excellent governance is not only crucial for the orderly operation of the Company internally but also profoundly influences its effectiveness in addressing environmental challenges and promoting social well-being. By establishing a comprehensive governance system, adhering to compliance in operations, and upholding business ethics, the Company has steadily advanced along the path of ESG, creating long-term value for all stakeholders.

Standardizing Corporate Governance

Luen Mei Quantum strictly abides by the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other relevant laws and regulations, and is committed to establishing a rigorous, scientific and standardized governance structure, ensuring that the "three boards" (namely the shareholders' meeting, the Board of Directors and the board of supervisors) operate in a compliant and orderly manner, unswervingly leading the party's work style and clean government construction into practice, providing organizational guarantee, institutional guarantee and ideological guarantee for business related decision-making, and leading the Company's long-term and steady development with excellent corporate governance.

Improving Organizational Structure

The Company has established a governance mechanism with clear rights and responsibilities and standardized operation according to the requirements of relevant laws and regulations. In such mechanism, the Board of Directors is the highest governing body of the Company, responsible for and reporting to the shareholders' meeting. There are four special committees under the Board of Directors, each of which performs its own duties to ensure the standardization, science and effectiveness of the board's decisions. Simultaneously, the company is committed to integrating the philosophy of sustainable development into its corporate governance framework, promoting comprehensive integration between the ESG governance system and the existing governance structure. The Board of Directors are responsible for the deliberation and decision-making of major ESG issues. Under the coordination of the Company's Office of the Board of Directors, an ESG Co-ordination Group has been established to formulate sustainability-related strategies, management methodologies, and operational plans, while overseeing the operations of the ESG Working Group. For more details on governance architecture, please refer to the chapter "ESG Management Structure" in this report.



Efficient Operation of "Three Boards"

Board of Shareholders

The board of shareholders is the highest authority of the Company. In strict accordance with the requirements of laws and regulations, the Company comprehensively regulates the convening of shareholders' meetings, the qualifications of participants and the voting procedures of shareholders' meetings. In the whole process, the Company treats every shareholder equally, fully guarantees the shareholders to exercise their rights and interests according to law, paying particular attention to protecting the legitimate rights and interests of minority shareholders. No incidents have occurred that would harm the rights and interests of minority shareholders.

During the reporting period >>>

The Company held shareholders' meetings

6 time

Including

One annual general meeting, to review the 2023 annual report and other related proposals

Five extraordinary shareholders' meetings, to review the general election of the board of directors and the board of supervisors, amendments of some articles of the *articles of association*, special dividends and other proposals.



Board of Directors

As the decision-making body of the Company, the Board of Directors is an important part of the governance structure and is responsible to the shareholders' meeting. The Board of Directors of the Company strictly abides by the relevant legal requirements to perform its duties, attends board meetings and shareholders' meetings seriously, strictly implements the authorization of the shareholders' meeting to the Board of Directors, and implements the resolutions of the shareholders' meeting.

The Board of Directors of the Company consists of four special committees, namely, the Strategic Development Committee, the Remuneration and Assessment Committee, the Nomination Committee and the Audit Committee. Each professional committee provides relevant professional support and suggestions for the Company's development according to their respective responsibilities, effectively improving the scientific and normative nature of corporate governance.

When selecting board members, the Company systematically considers the age structure, educational background, professional qualifications, industry experience and other diversified elements of board members, so as to build a decision-making team with complementary professions and rich experience that can not only effectively matches the development needs of various business sectors of the Company, but also significantly improve the strategic decision-making efficiency and management level of the Board of Directors, thus providing a strong governance guarantee for the Company's sustainable development. At present, the Company's Board of Directors consists of seven directors, including three independent directors. The members of the Board of Directors have diverse professional backgrounds, rich industry experience and professional knowledge reserves, who can provide professional insights and make independent judgments for the Company's major decisions from multiple dimensions.

During the reporting period >>>

The company organized and held the meeting through a combination of "on-site+communication voting"

Board meeting

10

Audit Committee

9

Nomination Committee

2

Remuneration and Appraisal Committee

1



Board of Supervisors

As the highest supervisory body of the Company, the Board of Supervisors is directly responsible to the shareholders' meeting. The Company's Board of Supervisors earnestly performs its duties in strict accordance with relevant regulations, and supervises and inspects the Company's decision-making procedures, legal operation, performance of the Board of Directors and senior management, construction of internal control system, regular reports, profit distribution, related party transactions and use of funds, so as to effectively safeguard the interests of shareholders.

During the reporting period >>>

the Company organized **7** meetings of the Board of Supervisors by means of "on-site+communication voting" to review the annual report, quarterly report, general election, special dividends, deposit and actual use of raised funds and other proposals.



Training for Directors, Supervisors and Senior Management

The Company actively participated in online and field trainings for directors, supervisors and senior management organized by Shanghai Stock Exchange, China Securities Regulatory Commission Liaoning Office and China Association of Public Companies, and participated in 9 trainings throughout the year, which further improved the capabilities of directors, supervisors and senior management to perform their duties.

• 2024.3.14	Training on the new <i>Company Law</i> organized by Liaoning Association of Listed Companies Training on the new <i>Company Law</i> organized by Liaoning Association of Listed Companies
• 2024.4.3	Shanghai Stock Exchange's "Follow-up Training for Independent Directors"
• 2024.4.26	"Training Meeting on Interpreting the New Capital Market Policies of Listed Enterprises and Listed Reserve Enterprises in the Province" jointly organized by China Securities Regulatory Commission Liaoning Office and Office of Finance Committee of Liaoning Provincial Committee of CPC
• 2024.9.19	Shanghai Stock Exchange's "the 5th Follow-up Training for the Secretary of the Board of Directors of Listed Companies in 2024"
• 2024.10.23	Liaoning Association of Listed Companies "Studying the Spirit of the Third Plenary Session of the 20th CPC Central Committee: Training on Financial Support for High-Quality Economic Development"
• 2024.11.12	China Association of Listed Companies' "Special Training on Typical Cases of Listed Companies' Violation of Laws and Regulations in 2024"
• 2024.11.16	China Securities Regulatory Commission Liaoning Office's "Special Training on Reform of Independent Director System"
• 2024.11.28	Shanghai Stock Exchange's "Special Compliance Training for Independent Directors of Listed Companies"
• 2024.12.9	China Securities Regulatory Commission Liaoning Office's "Special Training on Comprehensive Punishment and Prevention of Financial Fraud in Capital Market"

Strengthening the Leadership of Party Building

The Company adheres to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implements the Party's guidelines and policies, and fully leverages the leadership role of Party organizations. It comprehensively advances all aspects of Party building, providing a strong guarantee for the company's high-quality development.

The Company consistently integrates Party leadership with corporate governance, continuously strengthening the core guiding role of Party organizations in decision-making, execution, and supervision, and encouraging Party members to play an exemplary role in their daily work. At the same time, the Company has established a normalized education and training mechanism for Party members, continuously conducting training to improve their qualities in firmly resisting interest-driven temptations, adhering to original aspirations, so as to foster a clean and upright environment to ensure the company's healthy and sustainable development while enhancing its management and operational standards.

The Company is steadfast in advancing anti-corruption efforts and regularly inspects the Party conduct and integrity building of all Party branches to ensure the strict implementation of comprehensive and strict Party governance. The Company adheres to an attitude of "no forbidden zones, full coverage, and zero tolerance", enforcing the Party conduct and integrity building and combat corruption by means of audits, special inspections and regular routine checks. The Company has implemented a strict supervision and reporting system in the procurement and bidding process, set up a clean reporting method in the bidding documents, and arranged the internal control department participate in the main links of the bidding work. Any unit or individual can complain and report to the internal control department of the Company if there are illegal acts in the bidding work.process. The Company commits to conduct a rigorous investigation on the bidding projects, and suspend the bidding or cancel the bid-winning results of any project after verifying that the reported problem of the project is true.

Business Compliance Management

Luen Mei Quantum has continuously strengthened the construction of internal control system and improved its ability to resist risks. The Company consistently integrates lawful corporate governance with production and operations and focuses on cultivating a corporate legal culture. It has established and improved mechanisms for preventing legal risks and has initially developed a multi-dimensional compliance management system to ensure that all production and operational activities are legally compliant.

Strengthening Internal Control Inspection

The Company has formulated inspection management measures including the *Internal Control Management Measures*, *Heating Inspection Management Regulations*, *Regulations on Equipment and Materials Quality Inspection Management and Measures for Management of Environmental Protection Materials Sampling*. During the reporting period, according to the internal control system, the Company has carried out routine internal control inspections in key areas of the Company, and completed four routine inspections and two special inspections. Through the inspection, supervision and evaluation of key internal control links such as system construction, process control and business execution, the Company has timely identified and prevented various mistakes and malpractices, thereby mitigating various operational risks and ensuring all levels and links within the Company operate scientifically and efficiently.

Conducting Compliance Training

The Company actively carries out law-abiding and compliance training to enhance employees' awareness of law-abiding and compliance and create a corporate culture atmosphere of law-abiding and compliance, thus ensuring the orderly promotion of various management systems of the Company and the stable development of various businesses. During the reporting period, the Company has organized and studied the latest revised securities law, company law, accounting standards and other related industry policies.

Securities laws and regulations

- *SSE Guideline for Self-regulation of Listed Companies No. 7--Share Repurchase*
- *SSE Guideline for Self-regulation of Listed Companies No. 1-Announcement Form No.13 Announcement on Raising Funds for Listing*

Regulations and rules on information disclosure

- *Listing Rules of Shanghai Stock Exchange*
- *SSE Guideline for the Application of Listing Audit Rules No. 6*

Other laws and regulations

- *Company Law of the People's Republic of China*
- *Guidelines on the Bylaws of Listed Companies*
- *Measures for the Administration of Independent Directors of Listed Companies*

Upholding Business Ethics

Luen Mei Quantum has always adhered to the highest standards of morality, honesty, integrity and compliance, insisted on strict demands on itself with high standards of business ethics, severely cracked down on unfair competition, and steadily improved the level of anti-commercial bribery, anti-corruption and anti-unfair competition by continuously promoting the construction of business ethics system, optimizing diversified supervision systems and improving the complaint reporting mechanism.

▼ Anti-commercial Bribery and Anti-corruption

The Company strictly abides by the requirements of the *Criminal Law of the People's Republic of China* and other laws and regulations and has established internal control systems. By conducting both special inspections and regular checks, and by setting up public reporting hotlines and email addresses, the Company performs routine reviews of commercial bribery and embezzlement risks by the principle of zero-tolerance to commercial bribery and embezzlement. The Company strictly protects whistleblowers to ensure that their rights and interests are protected.

The Company urges all employees to strictly abide by relevant laws and regulations, industry norms and guidelines, company rules and regulations and professional ethics, so as to establish a good atmosphere of honesty, self-discipline and diligence. At the same time, the Company clearly conveys its anti-commercial bribery and anti-fraud policies to suppliers, agents and ecological partners, and opposes all forms of unfair competition.

During the reporting period >>>

Proportion of directors receiving training on anti-commercial bribery and anti-corruption

100 %

Proportion of managers receiving training on anti-commercial bribery and anti-corruption

100 %

Proportion of employees receiving training on anti-commercial bribery and anti-corruption

30 %



▼ Anti-illegitimate Competition

The Company strictly abides by the relevant provisions of the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-Monopoly Law of the People's Republic of China*. By establishing and improving the internal management system, strengthening the moral training of employees, and setting up a special supervision mechanism, etc., it ensures that all business activities are legal and compliant, maintains a healthy and orderly market environment and resolutely puts an end to any form of unfair competition, contributing to building a positive and competitive market ecology.

During the reporting period, there were no lawsuits or major administrative penalties caused by unfair competition.

Protecting Investors' Interests and Rights

Luen Mei Quantum adheres to the investor-oriented principle and continues to create exceptional value for shareholders. With its outstanding hydrogen energy and comprehensive energy business, the Company has maintained steady growth for many years. Not only does it lead in profitability compared to its peers, but its prepayment model for residential heating services also ensures excellent cash flow, with substantial available funds far exceeding industry standards. Additionally, the company consistently rewards its investors through methods such as cash dividends and stock buybacks. With high dividend payout ratio and active share repurchase programs, it has been listed multiple times on the list of high-dividend potential stocks, demonstrating its commitment to investors through concrete actions.

During the reporting period >>>

The company has completed the distribution of equity

2

Cumulative cash dividends distributed per share (including tax)

0.32 RMB



In terms of information disclosure management, Luen Mei Quantum has adhered to the business philosophy of openness, transparency, legality and compliance, abided by the *Securities Law of the People's Republic of China*, the *Company Law of the People's Republic of China* and the *Listing Rules of Shanghai Stock Exchange*, and established the *Information Disclosure Affairs Management System* to ensure the proper performance of its information disclosure obligations, protect the legitimate rights and interests of the Company, its investors, creditors and other stakeholders, and enhance the information transparency.

During the reporting period >>>

The company successfully completed the information disclosure work on time and regularly communicated the its development status to the public with a total of 118 announcement documents

Including

Regular reports

4

Temporary announcements

71



The Company fully respects and safeguards the legitimate rights and interests of investors, placing great importance on communication and engagement with them. It has established the *Investor Relations Management System* and makes full use of multiple communication channels such as shareholders' meeting, performance briefing, on-site visits, telephone consultations and SSE's e-platform to maintain close interaction with investors, and strives to build a harmonious and trusting relationship between the Company and investors.

Performance presentation: On May 30, 2024, the Company held a performance presentation for its annual report and the Q1 report; On October 21, the Company held a semi-annual performance presentation. On December 10, the Company held a performance presentation for its Q3 report, on which it actively answered the questions raised by investors.

Receiving institutional investors for on-site researches: The Company has received 5 on-site surveys made by institutional investors.



Telephone counseling: The Company has received more than 200 calls from investors every day.

SSE's e-platform: Respond to investors' questions for 35 times by using SSE e interactive platform.

02

Protecting and Beautifying the Environment Jointly

Climate change tackling

Strengthening Environmental Management

Optimizing Resource Utilization

Response to UN Sustainable Development Goals (SDGs)



As a pioneer in the field of clean heating in China and a comprehensive energy service provider driven by scientific and technological innovation, Luen Mei Quantum actively responds to the national initiative "carbon peaking and carbon neutrality", adheres to the concepts of "cleanliness, high efficiency, wisdom and low carbon", consistently guiding its development with forward-thinking strategic planning. It is committed to prioritizing ecological conservation and pursuing a path of green development, focusing on building intelligent and environmentally friendly production models. Luen Mei Quantum is actively advancing initiatives such as ultra-low emission projects for heat sources, heating with medium water source heat pumps, industrial waste heat utilization, and smart energy operation and management systems. Concurrently, the Company is swiftly developing a new type of clean and intelligent energy service system characterized by balanced energy mix and dynamic supply-demand interaction, contributing to the goal of "carbon peaking and carbon neutrality".

Climate change tackling

Climate change has become a critical topic impacting global economic and social development, posing a major challenge faced by humanity. Actively addressing climate change not only helps the company fulfill its environmental responsibilities and demonstrate social accountability, but also lays a solid foundation for building long-term competitive advantages and achieving high-quality development. Luen Mei Quantum adheres to the requirements of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* and focuses on four areas: governance, strategy, risk management, indicators and objectives to comprehensively improved its ability to cope with climate change.

▼ Climate-related Governance

Luen Mei Quantum incorporated climate change issues into the Company's development strategy, and established a sustainable development governance structure consisting of the Board of Directors, ESG co-ordination group and ESG working group, so as to comprehensively improve the Company's level and professional capabilities to cope with climate change. For more details on governance architecture, please refer to the chapter "ESG Management Structure" in this report.

▼ Climate-related Strategies

To address climate change, Luen Mei Quantum identifies potential risks and opportunities that the Company currently faces or may encounter in the future, taking into account industry characteristics and business scope. It assesses the impact cycles and levels of these risks and opportunities and develops targeted risk mitigation measures, so as to enhance the Company's risk management capabilities and reduce the impact on its business operations.

Risk type	Description	Impact period	Financial impact	Countermeasures
Physical risks	Acute risks Temperature is a critical factor affecting the profitability of heating companies. Sudden extreme weather events during the heating period can directly impact the Company's financial performance	Short and medium-term	Operating costs rising Operating income declining	Increase investment in infrastructure upgrading to improve its defense ability against sudden extreme weather
	Chronic risks Drought or wet weather causes equipment damage or difficulty in operation and maintenance	Medium-term and long-term	Operating costs increasing	Strengthen the daily maintenance of equipment and facilities
Policy and legal risks	Environmental investments and operations are a critical component of the production process for heating companies. Currently, the Company's environmental equipment and operations fully comply with national standards and emission requirements. However, as the state progressively raises its environmental standards, the Company needs to increase environmental investments and operational costs	Medium-term	Production cost increasing Operating costs increasing	Closely monitor relevant regulations at the international, national, and local levels to ensure that its operations comply with the latest environmental policy requirements, prevent potential penalties and litigation
Transformation Risks	Technical risks In order to cope with climate change, the Company needs to adopt more advanced and environmentally friendly production technologies and equipment, and input more in technological innovation	Long-term	R&D costs increasing	Increase investment in green technology research and development, actively seek partners, establish innovation mechanisms, and accelerate the application and promotion of new technologies
	Market Risks The centralized heating industry in China is moving towards cleaner operations, with customers increasingly favoring more low-carbon and energy-efficient products. If the company fails to meet customer expectations in terms of energy savings and sustainability performance, it may face the risk of losing customers	Medium-term	Operating revenue decreasing	Reduce the impact on the environment by adopting clean energy and popularizing low-carbon technologies

Opportunity type	Description	Impact period	Financial impact	Countermeasures
Market opportunities	The rising tide of climate change response is driving the emergence of clean energy and other related fields, bringing even greater market demand for the Company	Medium-term	Operating revenue increasing	Actively promote the improvement of clean technology and process, and enhance the market competitiveness of the Company's products
Resource Efficiency	By promoting the transformation of low-carbon and efficient production methods, energy consumption can be reduced and efficiency can be improved	Short and medium-term	Operational cost decreasing	Optimize energy utilization efficiency, conduct energy efficiency assessment regularly, and enhance employees' awareness of resource utilization

© Notes

Impact period Short-term is within 1 year (including 1 year) after the end of the Company's sustainable information reporting period, medium-term is 1-5 years (including 5 years), and long-term is more than 5 years

▼ Climate-related Impacts, Risks and Opportunities Management

The Company has strengthened the management of climate risks and opportunities by formulating standardized processes for climate risk identification, assessment and response, and made timely adjustments to such processes according to its own business characteristics and internal and external environmental changes, so as to continuously improve its risk management capability in response to climate change.

• Risk identification	Comprehensively analyze the current environmental conditions, domestic and international policies and regulations, industry characteristics, and stakeholder demands, and identify potential climate-related risks based on the Company's actual situation
• Risk assessment	For the identified climate risks, comprehensively evaluate their potential impacts on the Company's income, cost and assets from the dimensions of impact period and impact degree, and adjust the priority of climate change risk management according to the evaluation results
• Risk control	For various risks identified and evaluated, the relevant departments shall be responsible for the implementation of targeted control measures



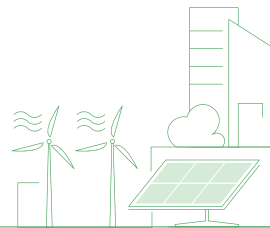
▼ Climate-related Indicators and Goals

◎ Climate Goals of Luen Mei Quantum

Guided by "green development, scientific and technological innovation, clean energy supply", the Company has continuously upgraded its heat source and heating network projects through independent research and development, cooperative introduction and other means, strengthened green and low-carbon technologies, committed to improving resource utilization efficiency and reducing emissions caused by its production. By deeply integrating its sustainable development with the national "carbon peaking and carbon neutrality" goal, the Company contributed its share to advancing the realization of the "carbon peaking and carbon neutrality" goal.

During the reporting period, the Company successfully completed its carbon emission compliance obligations and did not encounter any instances requiring rectification or investigation by relevant authorities.

Indicator	Unit	2024
Direct greenhouse gas emissions (Scope 1)	Million tons of carbon dioxide equivalent	3.01
Indirect greenhouse gas emissions (Scope 2)	Million tons of carbon dioxide equivalent	0.04
Total greenhouse gas emissions (scope 1+ scope 2)	Million tons of carbon dioxide equivalent	3.05



◎ Notes

Calculation basis: Luen Mei Quantum has accounted its carbon emissions in accordance with the *Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting--Power Generation Facilities* issued by the Ministry of Ecology and Environment, along with other relevant standards or technical specifications. The Company's emission facilities include boilers, gas turbines, and power generation equipment purchased. The carbon emission accounting was carried out by the operational control approach and using factors set forth in standards such as the *Announcement on the Release of 2022 Power Sector CO₂ Emission Factors* jointly published by the Ministry of Ecology and Environment and the National Bureau of Statistics

◎ Greenhouse gas emission reduction

- By establishing and improving the carbon emission management system, improving the carbon emission management system, promoting low-carbon technology innovation and low-carbon projects, the Company effectively controls the total amount and intensity of carbon emissions. The company integrates digital technologies and applies the latest energy technologies and equipment to enhance the efficiency of urban centralized heating systems. At the same time, it vigorously develops distributed clean energy technologies and equipment. By continuously and deeply optimizing heat sources from multiple dimensions, the Company implements energy-saving and emission-reduction renovations, thereby achieving ongoing clean upgrades at the source. During the reporting period, the Company's greenhouse gas emission reduction reached 56,921 tons of carbon dioxide equivalent.
- In terms of the heat source end, the Company is committed to promoting the environmental protection transformation of the heat source plant, achieving ultra-low emission standards and minimizing the impact of heat sources on the environment.
- In terms of operation end, the Company has installed and optimized online detection system, and uses a smart operations platform to conduct real-time data monitoring, precise adjustments, and optimized configuration of heat sources and the heating network, so as to minimize emissions from operations to the greatest extent possible. Additionally, building on the significant success of the pilot circulating fluidized bed (CFB) boiler project, the Company has been continuously advancing the transformation of other projects to further enhance boiler efficiency, reduce coal consumption, and thereby promote energy conservation and emission reduction.

During the reporting period >>>

Achieve carbon dioxide equivalent reduction in greenhouse gas emissions

114,835.08 tons



Strengthening Environmental Management

The company consistently upholds a firm commitment to environmental responsibility, placing the impact of its production activities on the environment at the core of its considerations. By taking concrete actions, the Company fully implements green and low-carbon production principles. From the very beginning to the end of the production process, the Company meticulously monitors and controls every step to ensure that each step strictly adheres to environmental compliance requirements. Through these practical measures, the company actively contributes to environmental protection and sustainable development.

▼ Environmental Governance

The Company attaches great importance to the protection of ecological environment, takes the improvement of environmental management mechanism as the top priority of the Company's environmental protection work, and strives to minimize the impact of production and business activities on the environment. The Company strictly abides by national and local environmental protection laws, regulations and standards such as *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Environmental Impact Assessment*, *Law of the People's Republic of China on the Prevention and control of Atomospheric Pollution*, the *State Council's Opinions on Strengthening Key Work of Environmental Protection*, *Regulations on the Administration of Construction Project Environmental Protection*, *Emission Standard of Air Pollutants for Thermal Power Plants* and *Emission Standard of Air Pollutants for Boilers*, etc., and has formulated the *Environmental Protection Management Measures of Luen Mei Quantum* and the *Environmental Protection Responsibility System*, clarifying the general requirements of the Company on environmental protection. The Board of Directors is responsible for supervising the implementation of the environmental protection work of the functional departments at each level in the headquarter; Subsidiary companies fulfill their primary responsibility for environmental protection, ensuring that grassroots units implement environmental protection measures effectively. By establishing a three-tier environmental management system consisting of decision-making, supervision, and implementation, thereby enforcing a vertically graded management structure.

Headquarters level	Horgos Luen Mei Engineering Technology Co., Ltd.	Responsible for the Company's overall material procurement and management, cost management, engineering management and other functions Screening suppliers of environmental protection facilities and related materials, equipment and services, and managing environmental protection companies
	Operations Management Department	Responsible for tracking, collection and analysis of data in each operation link including the raw materials, boilers, pipe networks and end users, and monitoring daily environmental data
	Luen Mei Smart Energy Technology (Shenyang) Co., Ltd.	Explore and study the application of new environmental protection technologies in the Company's business field, and responsible for directing the implementation of heating projects and technical support for comprehensive energy business
	Audit Department	Monitor environmental protection work and the operation of environmental protection facilities, and coordinate environmental protection-related affairs of various functional departments
Subsidiary Companies level	Production Technology Departments, Operation Departments and other departments in member companies	Based on the environmental protection management system at the company headquarters level, develop the environmental protection management system for their company; collaborate with the local environmental protection administrative authorities; responsible for the operation, management and maintenance of the environmental protection facilities of their company, the initiation and construction supervision of the overhaul, technical transformation and new construction of the environmental protection facilities of their company, conduct testing of environmental materials; record and analyze data on emissions and the operational status of environmental protection facilities; and ensure the safe, stable, efficient, and economical operation of these facilities

▼ Environmental Strategies

Recognizing the critical importance of environmental management, our company is well aware that mishandling pollutants and waste generated during production and operations can lead to regulatory penalties and negatively impact neighboring communities and the environment. To avoid these risks, the Company has identified potential risks within its environmental management processes and formulated targeted response strategies, so as to strengthen its emergency environmental protection measures and effectively prevent significant environmental risks. During the reporting period, the Company did not experience any administrative penalties or criminal liabilities related to environmental incidents.

Risk type	Risk description	Impact period	Financial impact	Countermeasures
Policy risks	As the government strengthens the standards of waste water, waste gas discharge and waste treatment, the Company needs to invest more money to upgrade technology and control pollution discharge	Short and medium-term	Operating costs increasing	The Company pays close attention to and strictly abides by the relevant laws and regulations on pollutants and wastes in time to ensure that its production and emissions meet the latest environmental policies and regulations
Market Risks	As the public pays more attention to water safety and air quality, enterprises with high pollution and high emissions will lose their market competitiveness	Long-term	Operating revenue decreasing	Monitor and manage all kinds of pollution emissions, and regularly entrust qualified third-party testing units for testing, so as to find and deal with potential pollution risks in a timely manner; At the same time, actively introduce green and low-carbon technologies to reduce the emissions generated by production
Chemical risk	The chemical substances used in equipment operations, such as ammonia water, can cause irritation and corrosion to the human body. If safety management is inadequate during storage and usage, leaks are likely to occur, potentially leading to environmental incidents	Short-term	Operating costs increasing	The Company has formulated the Emergency Plan for Sudden Environmental Incidents, specifying the emergency command organization and its responsibilities, prevention and early warning, information reporting, emergency response, post-treatment and other work requirements for sudden environmental pollution incidents,as well as regular training and drills for emergency plans

▼ Impact, Risk and Opportunity Management

The Company has formulated the *Environmental Self-monitoring Plan* according to the national standards, continuously strengthened the management of environmental assessment and completion acceptance of the project, entrusted a qualified third party to carry out testing and input it into the self-monitoring system for publicity, and regularly identified, evaluated and monitored the potential risks in production and operation.

At the same time, the Company closely integrates environmental protection with production. By implementing an environmental protection job responsibility system, safety operation procedures for environmental protection, operation record ledgers, daily operation reports, and inspection standards for desulfurization and denitrification agents upon delivery to the plant, the Company minimizes the negative environmental impact during the production process.

▼ Indicators and Objectives

The Company intends to progressively increase its financial commitment to environmental protection focusing on several key areas, including pollution control, the acquisition of advanced environmental monitoring equipment, and the research and development of new environmental technologies, so as to maximize the elimination of "three wastes" (wastewater, waste gas, and solid waste) during the production process, strictly control pollution, ensure that any remaining wastewater and exhaust gases meet emission standards, and manage waste disposal appropriately, thereby preventing any sudden major environmental incidents.

▼ "Three Wastes" Management Measures

The Company has invested heavily in the installation of environmental protection equipment. Over the years, it has continuously invested in technology updating and equipment transformation, and is committed to providing quality services to users in an innovative, energy-saving, environmentally-friendly and low-emission operation mode, and constantly strictly managing wastewater, waste gas and solid waste.

During the reporting period, the Company and its subsidiaries have strictly complied with the pollutant emission concentration limits established by environmental protection authorities. There have been no significant adverse effects on employees, local community residents, or the environment due to the Company's pollutant emissions. Additionally, the Company has not faced any major administrative penalties or criminal liabilities. For more details about pollution discharge information, please refer to our "2024 Annual Report".

© Wastewater Management



The company implements a separated system for rainwater and sewage by establishing pipe networks for each. Domestic wastewater is directed via municipal sewage pipelines to a centralized wastewater treatment facility. Industrial wastewater is handled in strict compliance with legal, administrative regulations, and standards set by the national environmental protection authority, with specific discharge points established accordingly. Toxic and hazardous water pollutants in industrial wastewater are collected and treated separately, ensuring they meet the processing requirements of centralized treatment facilities before being discharged. In this way, it guarantees that no industrial wastewater enters rivers or underground water sources through drainage systems.

© Waste Gas Management



The Company abides by the requirements of total emission control of key air pollutants, sets up air pollutant discharge outlets in accordance with laws and regulations and the regulations of the competent department of environmental protection in the State Council, installs and uses pollution prevention facilities in accordance with regulations for production and service activities that produce waste gas containing volatile organic compounds, and adopts measures such as sealing, enclosure, covering, cleaning and sprinkling water to reduce dust and gaseous pollutants generated in internal material storage, transmission, loading and unloading. For malodorous gas produced in production and business activities, the Company takes measures such as setting a reasonable protective distance and installing purification devices, conducting daily spot checks on waste gas treatment facilities, and entrusting a qualified third-party institution to regularly monitor the environment of waste gas outlets.

The Company continuously upgrades its technologies by adopting low-nitrogen combustion technology, as well as Selective Non-Catalytic Reduction (SNCR) and Selective Catalytic Reduction (SCR) systems to control nitrogen oxide emissions. Meanwhile, it uses electrostatic bag dust remover and fabric filter dust remover to control particulate matter and adopts in-furnace calcium injection, limestone-gypsum wet scrubbing, magnesium oxide wet scrubbing, sodium carbonate-lime dual alkali method, and circulating fluidized bed methods to control sulfur dioxide emissions.

Case Denitrification Catalyst Replacement and Boiler Heat Exchanger Partition Reconstruction Project of Guorun Low Carbon

During the reporting period, Shenyang Guorun Low Carbon Thermal Power Co., Ltd. (hereinafter referred to as "Guorun Low Carbon"), a subsidiary of Luen Mei Quantum, replaced one layer of denitration catalyst for six boilers, and at the same time, partially dismantled the heat exchanger partitions of some boilers, and adjusted the temperature of denitration reactor within the range in which the catalyst can maintain reasonable high efficiency. Following the technological upgrades, the company Shenyang Guorun has achieved stable ultra-low emissions of nitrogen oxides.



© Waste Management



The company is steadfast in its efforts to prevent and control environmental pollution caused by solid waste, adopting centralized collection and management practices for all waste materials. The primary types of solid waste generated during the production and operations of the Company include fly ash, filter residue, and desulfurization gypsum from boilers, which are all transported to a third party with qualification and disposal capacity for off-site treatment. In addition, the industrial solid waste report, *Solid Waste Consumption Contract* and *a Solid Waste Evaluation Record* are provided. During the reporting period, Shenyang Hunnan Thermal Co., Ltd. (hereinafter referred to as "Hunnan Thermal") comprehensively utilized a total of 200,000 tons of industrial solid waste (slag and fly ash), and entrusted a qualified third party to prepare a comprehensive utilization report for disclosure, ensuring closed-loop management.



Optimizing Resource Utilization

Luen Mei Quantum places great importance on the rational utilization of resources and has established management systems for key resources such as fuel and water. During production and operations, the Company employs innovative technologies to improve resource use efficiency, thus achieving effective and efficient operations. While vigorously promoting energy conservation and efficiency improvement, the Company strengthens the management of water resources and improves the recycling rate of resources, truly achieving the goal of "using the least resources to provide the best heat supply service".

▼ Saving Energy, Reducing Consumption and Increasing Efficiency

The heating industry is a critical component of essential public services and also a major energy consumer. In the *Action Plan for Carbon Dioxide Peaking Before 2030* issued by the State Council, it clearly emphasizes the importance of reducing carbon emissions safely, ensuring energy security, and actively implementing renewable energy alternatives to accelerate the construction of a clean, low-carbon, safe, and efficient energy system.

The company has taken energy-saving renovations as its starting point to progressively improve energy efficiency. On one hand, it closely follows the latest developments in industry equipment updates and energy-saving technology research. On the other hand, it conducts thorough reviews of existing production processes to identify areas for increased efficiency. By phasing out high-energy-consuming equipment, introducing energy-saving technologies and energy management systems, and optimizing production processes as well as other measures, the Company achieves more efficient energy use. As of the end of the reporting period, the Company has achieved a 100% clean heating rate.

During the reporting period >>>

The Company has achieved
clean heating rate

100 %



Case Technological Upgrades Promote Energy Conservation and Consumption Reduction

In 2024, Shenyang Guohui Heat Supply Co., Ltd., a member company of Luen Mei Quantum, drew on its experience from energy-saving technology upgrades in 2023 to renovate an old boiler that had been in operation for 15 heating seasons and successfully transform the old boiler into an internally circulating fluidized bed boiler, addressed issues such as ash accumulation, corrosion, and increased wear on the heating surfaces. By the end of the reporting period, the renovated boiler had been successfully ignited and put into operation, achieving a boiler efficiency of 88%, 8.37% higher than that before renovation, greatly improving the energy utilization efficiency.



During the reporting period >>>

Coal consumption

2,181,316.07 tons

Diesel consumption

745,963.92 liters

Consumption of liquefied petroleum gas

26.66 tons

Gasoline consumption

56,756.52 liters

Electricity consumption

181,314.49 MWh

Total amount of purchased heat

495,636.49 GJ



▼ Promoting Water Conservation

The Company strictly complies with the relevant provisions of *Water Law of the People's Republic of China* for water withdrawal and wastewater treatment, striving to reduce wastewater discharge and improve water resource utilization efficiency. Simultaneously, the Company actively promotes water conservation by posting water-saving signs in office premises and project sites, encouraging employees to conserve water during their daily work, and enhancing their awareness of water-saving practices.

Shenyang Guohui Heat Supply Co., Ltd., a member company of Luen Mei Quantum, has long been dedicated to comprehensive water resource utilization. By the end of the reporting period, it had obtained 55 related patents. The company's independently developed "Heat Pump Self-Cleaning Technology" recovers waste heat from treated wastewater and residual heat through a thermodynamic water-source heat pump system for centralized heating. This technology is the first of its kind domestically and is internationally recognized as leading-edge, offering substantial environmental benefits. It has been recognized as a demonstration project by the Ministry of Housing and Urban-Rural Development.

During the reporting period >>>

Total water consumption

4,104,182.00 tons



▼ Cyclic Utilization of Resources

Through the dual drivers of digital transformation and circular resource utilization, the company systematically advances resource recycling. It remains committed to using renewable and recyclable materials to promote efficient resource utilization and environmental protection, thereby achieving dual improvements in operational efficiency and environmental benefits.

In production, the Company's heat source plant recycles chemical wastewater and boiler sewage for flushing ash or desulfurization and drainage treatment: The sewage after washing ash is ash removal water, which is discharged into the sedimentation tank for sedimentation, and the supernatant is reused for ash washing; After being used for flushing ash slag, the wastewater (the ash water) is directed into a sedimentation pond. Following settling, the supernatant is reused for further ash slag flushing. For desulfurization, the double alkali method is employed. Inside the desulfurization tower, a mist of water (mixed with alkali solution) is sprayed to treat the exhaust gases, generating approximately 1300 tons per day of desulfurization wastewater. This wastewater is then directed into a sedimentation pond. After settling, the supernatant is reused for desulfurization spraying. Both methods effectively enable the recycling of production wastewater.

During the reporting period >>>

Number of computers recycled

17

Number of toner cartridges recycled

70

Total amount of water recycled

449,761.00 tons

Proportion of recycled water to total water consumption

10.96 %



▼ Exploring Clean Energy

Driven by the "carbon peaking and carbon neutrality" policy that is guiding the industry's reform and development, the Company has positioned itself as a comprehensive clean energy service provider, steadily expanded and strengthened its clean heating business while continuously increasing the proportion of clean energy in its overall energy mix. The Company has been actively exploring the industrial application of hydrogen energy and intensifying its investment and strategic layout in hydrogen-related businesses to promote the implementation of hydrogen energy solutions in the energy sector.

In addition, the Company has been actively exploring renewable energy technologies such as photovoltaics (PV) to further expand the share of clean energy. By utilizing approximately 910m² of rooftop space on its main office building, the Company constructed a distributed rooftop photovoltaic power station with an installed capacity of 30.8 kWp. During the reporting period, the station generated a total of 27,411.10 kWh of electricity, opening up new space for green development.

During the reporting period >>>

Distributed photovoltaic power station generated a total of

27,411.10 kWh



03

Benefiting Thousands of Household, Creating Better Future Together

- Innovation-driven Transformation
- Stick to Strict Quality Control
- Optimizing Service Experience
- Create a Sustainable Supply Chain
- Protect Employees' Rights and Interests
- Building a Harmonious Society Together

Response to UN Sustainable Development Goals (SDGs)



Luen Mei Quantum has been dedicated to comprehensive energy services for more than 20 years, consistently adhering to the philosophy of "Connecting to the Future, Making Life Beautiful". The Company integrates the concept of "responsible heat supply" into its corporate operations, providing heat supply services with smart and clean heat supply technology for thousands of households. While striving to achieve commercial success, Luen Mei is committed to creating greater social value and fulfilling its responsibilities as a modern enterprise.



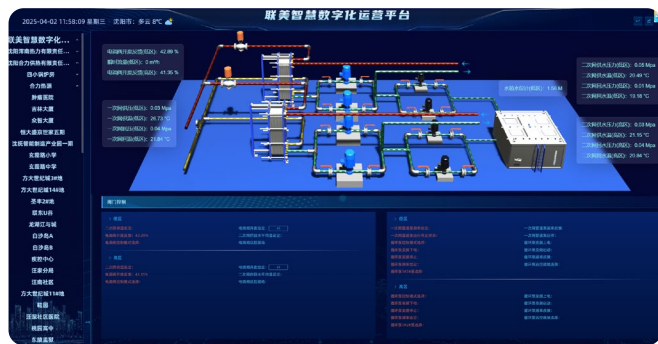
Innovation-driven Transformation

In the context of the new era, Luen Mei Quantum, with technological innovation as its core driving force, is committed to deepening the integration of smart heating systems and multi-energy complementary technologies, advancing digitized management across operational processes, and establishing a low-carbon, high-efficiency energy ecosystem. Through these initiatives, the Company actively contributes to the green and low-carbon transformation of the economy and society. In 2024, Luen Mei Quantum has continued to exert its efforts in the intelligent operation of energy supply, promoted the green and low-carbon energy supply through multi-dimensional intelligent and digital means, built an intelligent operation platform that is now running stably. The Company is also actively promoting energy technology innovation, accelerating the cultivation and development of new drivers for quality productivity, and continuously expanding its investments in emerging energy sectors such as hydrogen energy and energy storage, advancing the green and low-carbon transformation of the heating industry to a higher level.

The Company possesses core competitiveness in research and development and technology and has formed a robust mechanism for technological innovation by laying out high-tech enterprises which are rare in the heating industry, and a municipal-level enterprise technology center. During the reporting period, the Company did not experience any incidents involving violations of scientific ethics.

Case Explore Full-dimensional Intelligent Heating

In recent years, Luen Mei Quantum has continuously explored the full-dimensional intelligent heating operation framework, aimed at realizing smart, precise, and highly efficient heating regulation by leveraging intelligent and digital tools to replace traditional "manual experience". In 2024, the digital operation platform developed and implemented by Luen Mei Smart Energy, a subsidiary of Luen Mei Quantum, achieved significant success. The platform successfully integrated 874 heat exchange station devices, effectively addressing the challenges of balancing secondary network heating systems. This provided operators with a powerful tool for network adjustment, enabling heating department staff to schedule operations and issue commands via PC terminals. As of February, 2025, the smart heating pilot project of the secondary network of Luen Mei Quantum has been running for four consecutive heating seasons. The seven pilot projects networked covered an area of about 1.44 million square meters, and the highest heat saving rate achieved by these projects full-dimensional intelligent heating operation framework reached about 20%, demonstrating significant energy-saving results. The successful operation of the project is an important step for the Company to establish and improve the full-dimensional intelligent heating operation framework. In the next step, Luen Mei Quantum will gradually expand the smart heating system and establish a full-dimensional intelligent heating operation framework special for Luen Mei Quantum from four dimensions: source-network-station-household.



During the reporting period >>>

R&D expenses

2,292.55 ten thousand yuan

As of the end of the reporting period >>>

Number of accumulated authorized patents

74

Number of invention patents

16

Number of utility model patents

52

Number of software copyrights

6

Number of projects under research

6



Stick to Strict Quality Control

Luen Mei Quantum views product quality as the cornerstone of its survival and development, adhering to the principle of "Long-term Planning, Quality First." The Company is committed to building a differentiated competitive advantage by pursuing excellence in quality. The Company has established a sound organizational structure and mechanism for quality governance, fully identifying the impacts, risks, and opportunities related to quality. By benchmarking against advanced international quality management systems, the Company actively leads or participates in the formulation of industry standards, promoting quality upgrades and the sustainable development of the industry.

▼ Quality Management

The Company strictly abides by the *Metrology Law of the People's Republic of China*, *Standardization Law of the People's Republic of China* and other laws and regulations, constantly promotes the improvement of quality management mechanism and establishes and improves the production and operation management system. The Company has formulated and improved systems including *Management Regulations on Quality Inspection of Equipment and Materials* and *Management Measures for Sampling and Testing of Environmental Protection Materials*. The Technical Renovation Committee of "Three Repairs" (minor repair, intermediate repair, overhaul), which is directly managed by the President, is responsible for the planning and target setting of production and operation, and formulates the *Annual Production and Operation Plan* at the beginning of each year. The Quality Audit Department is responsible for the daily quality management, and regularly identifies and updates related impacts, risks and opportunities. The Company requires all member companies with certification qualifications to pass the quality management system certification in time. By the end of the reporting period, all member companies of the company that are stable in operation and possess certification qualifications have passed the quality management system certification and maintained the effective operation of their quality systems.

▼ Quality Strategy

The company has always placed great emphasis on quality and safety management, strictly monitoring the potential adverse impacts and risks to current and expected financial conditions caused by aging pipeline equipment and engineering quality in the short, medium, and long term.

In terms of pipeline equipment

the company strives to use high-quality new materials for new construction and pipeline upgrades; strengthens the maintenance of existing pipelines and equipment to extend their service life and control the costs of pipeline and equipment maintenance and upgrades.

In terms of engineering quality

the Company continues to optimize the current material and engineering management systems, focusing on the supervision of newly built heat sources, primary networks, heat exchange stations, secondary networks with large volume, boilers under "three repairs (minor repair, intermediate repair, overhaul), special environmental protection projects, boiler overhaul, furnace insulation, and renovation of vertical poles with large volume.

▼ Impact, Risk and Opportunity Management

The Company has established a comprehensive product quality management system and updates the system regularly every year based on the requirements of the product quality management system, internal business and management structure, so as to ensure that it meets the actual management requirements and effectively promote the continuous improvement of product safety management quality. The Company has formulated and continuously improved the *Measures for Engineering Quality Management (for Trial Implementation)*, *Management Measures for Acceptance of Heat Source and Heating Network Construction Projects (for Trial Implementation)*, *Management Measures for Construction of Primary Network Projects (for Trial Implementation)*, *Management Measures for Construction of Secondary Network Projects and Heat Exchange Station Projects (for Trial Implementation)* and other systems to identify and evaluate short-, medium- and long-term impacts and risks.

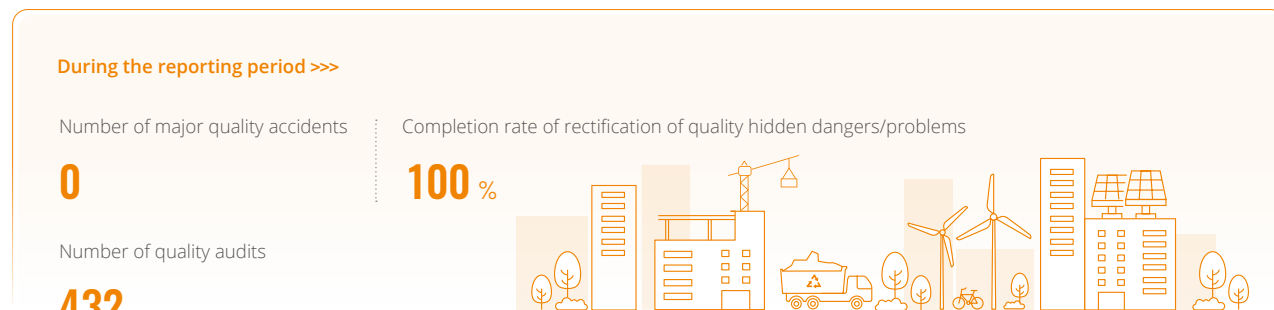
Quality management of equipment and materials arrived: Check bulk materials and key parts of heat source construction projects and primary network projects to ensure the material quality and prevent potential short, medium and long-term risks.

Engineering quality management: Conduct on-site audit of the project approved by each member company to prevent potential quality risks on the project site.

Heating management: Strictly prevent unauthorized valve opening, strengthen statistical analysis of data, strictly check the reporting procedures, and ensure inspection coverage and valve confirmation rate.

▼ Indicators and Goals

The Company sets quality-related indicators and goals according to the *Production and Operation Plan for 2023-2024*.



Indicator	Unit	Goals	Completion in 2024
Coverage rate of audits on bulk materials and key parts	%	100	Completed
Accidents resulting from poor engineering quality	Cases	0	Completed

▼ Quality Control Measures

◎ Guided by Standards

According to the Company's long-term development strategic plan, in order to implement the management mode that emphasizes institutionalization, standardization, and synergies in business operations, effectively prevent quality-related risks, clarify relevant technical requirements, and ensure that quality and cost are effectively controlled, the Company has fully analyzed national standards and regulations. Through multiple rounds of discussion, comparison, and optimization of the standards previously adopted by subsidiaries, the Company reached a consensus and established a continuously updated corporate quality and technical standards system that covers the equipment, materials, engineering, testing and other dimensions and contains 12 enterprise standards of Luen Mei Quantum. In 2024, the Company continued to organize the training of subsidiaries at all levels, publicized the technical standards of enterprises, strictly implemented the quality standards, unified the technical requirements of the Company, and laid a solid foundation for the improvement of product quality.

◎ Quality-related Punishment

In order to strengthen the Company's quality control and address any quality loopholes, the Company has formulated and improved the punishment procedures, strengthened the quality inspection and acceptance of the arrived equipment, so as to ensure that the materials used meet the qualified standards. For unqualified products, the Company implemented the policy of return and exchange and gave corresponding punishments; the Company also has strengthened the management of coal testing, ensured the timely and accurate testing data, so as to provide reliable basis for controlling the quality of coal and the scientific and efficient operation of the Company; the Company has strengthened the inspection of unauthorized valve opening, severely cracked down on unauthorized valve opening and unauthorized network connection, so as to safeguard the legitimate rights and interests of heat users, and improve the quality of urban heat supply service.

Quality Punishment Procedures



Optimizing Service Experience

The Company strictly abides by the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, adheres to the principle of "customer-centered and market-oriented", establishes the concept of all-staff service, establishes an industrial chain of sincere cooperation and mutual benefit with customers, and pursues a long-term, stable and win-win cooperative relationship with customers.

▼ Service System Construction

The Company has established a customer service team and a unified call center, which is responsible for user consultation, repair report and complaints related to heat supply work. Users can communicate with the Company through telephone hotline, online business hall, WeChat official account and 24-hour offline business hall.

In terms of system

The Company has formulated and continuously improved the *Management Measures for Compensation for Low-temperature Users* and the *Management Measures for Claims for Running Water*, defined the standards of service quality and related remedies, and effectively safeguarded the rights and interests of users.

In terms of performance appraisal

The Company has implemented "the one who answers first responsible" system, which clearly stipulates that the individual who receives the user information first is the person in charge of the user's questions, who needs to track and handle the user's claim and pay a timely return visit to the customer. The indicators such as user reception, user claim handling and complaints are included in the performance appraisal standards. Excellent employees, stations and offices will be rewarded.

In terms of skills training

The Company regularly trains customer service personnel, standardizes and unifies service terms, and enhances business capabilities.

▼ Optimized Service Measures

After years of development, the Company has earned the recognition and trust of various users through its high-quality heating services and exceptional customer support. In 2024, the company continued to enhance service efficiency and quality by implementing optimized service measures, including the following:

Increase the distribution of convenience service contact cards, through which users can directly solve problems through the Company platform;

Shorten the work chain, users' demands can be routed to maintenance personnel, with customer service staff monitoring the process in real time to ensure prompt service delivery;

Provide door-to-door services for special groups with mobility challenges due to health conditions, and assign dedicated online customer service representatives to assist these users online.



Case Intimate Service "E" Life

The WeChat official account "366e Life" platform independently built by the Company is a comprehensive online platform integrating heating fee payment, repair reporting, service complaints and operational guidance. In 2024, the Company made full use of the WeChat official account's publicity function to remind users of important nodes such as heating fee payment and water supply time, and occasionally published common knowledge about heating online through cartoons and videos. By the end of the reporting period, the articles published on the "366e" platform had been read more than 300,000 times, which was well received by all walks of life.



During the reporting period >>>

Number of customer service staff	Telephone customer service satisfaction	Online customer service satisfaction	Customer complaint resolution rate	Number of customer commendations and acknowledgments received
60 people	100%	100%	100%	320

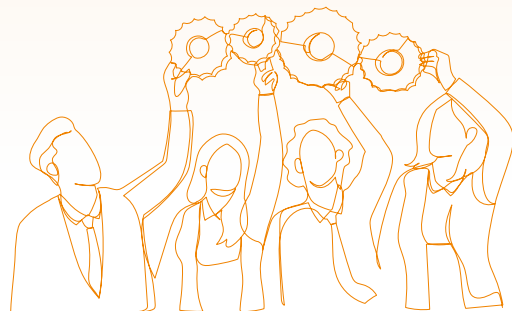


▼ Data Security and Customer Privacy Protection

The Company continuously strengthens the information security management and customer privacy protection system, strictly adhering to relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China full translation*. The Company has established an approval process for accessing data and materials, with designated personnel responsible for managing special system data. All data access permissions are strictly controlled to ensure the utmost protection of data and customer privacy from unauthorized disclosure. On the user side, customers must provide valid identification or other identity verification information to access services such as querying overdue payments, suspension of heating supply, or user contact details. Customer information is never disclosed to any third party without explicit consent.

During the reporting period >>>

The Company did not experience any data security incidents or breaches of customer privacy.



Create a Sustainable Supply Chain

Luen Mei Quantum strictly abides by the *Law of the People's Republic of China on Tenders and Bids* and other laws and regulations, and continuously improves the supplier management system. Besides the quality of products and services, the Company also pays attention to the management of suppliers in employment compliance, occupational health and safety, business ethics and environmental awareness, and continuously conveys the sense of responsibility for sustainable development to suppliers to build a sustainable supply chain.

▼ Management System

The Company is committed to establishing and improving a unified, standardized and transparent supplier management system, and formulating and improving such systems as *Supplier Management Access System*, *Bidding Management Measures*, *Procurement Management Measures*, *Bidding Management Measures*, and *Bidding Negotiation Procurement Operation Management Measures*. The Quality Audit Department will supervise the compliance and deviation of bidding to ensure the transparency and fairness of recruitment.

▼ Management Measures

In order to optimize the Company's supplier management, the Company continuously uses the online supplier management platform to improve the efficiency of data processing and online audit in supplier management. On the basis of ensuring suppliers' compliance and performance, the Company guides suppliers to abide by business ethics, fulfill their social responsibilities and improve their environmental and social performance through supplier evaluation. In the process of purchasing, the Company fully ensures that the supplied products meet the requirements of environmental safety and quality, and encourages suppliers to improve and upgrade their products to better serve the heating customers. To deepen cooperation and communication with suppliers, the company proactively conducts pre-bid evaluations of suppliers and performs on-site visits and inspections after the bid award. For engineering equipment suppliers, the Company's inspection of suppliers includes: comprehensive evaluation of supplier factory scale, comprehensive evaluation of product quality, comprehensive evaluation of technical ability and comprehensive evaluation of performance, etc.

Case Optimizing Supply Chain Cloud Management

In 2024, the company make over 148 modifications to business data by relying on its supply chain cloud management system, adjusted permissions more than 10 times, and addressed over 40 business vulnerabilities. Additionally, the Company completed the development of a consolidated payment module for procurement as well as secondary development work with suppliers' collaboration. At the same time, the Company analyzed and optimized business processes, and organized materials, inventory receipts and issues documents, and contracts. As a result, the number of available materials for the year was streamlined from 63,756 to 26,329.



▼ Equal Treatment of Small and Medium-sized Enterprises

To ensure fair competition among small and medium-sized suppliers, the Company implements a vendor pre-qualification system for all bidding processes, and selects suppliers from an approved supplier pool in each bid. Suppliers outside the pool can also qualify if they pass the qualification review. In 2024, the Company provided training to suppliers, including small and medium-sized enterprises, and established standardized guidelines and requirements for pre-qualification, bid opening, bid evaluation, and inquiry and price comparison.

During the reporting period >>>

Total number of suppliers

2,906

Incidents of overdue payment to SMEs

0 cases



Protect Employees' Rights and Interests

Luen Mei Quantum always regards talents as valuable resources and wealth for enterprise development. Guided by the philosophy of "Healthy Development, Happy Working", we have established a comprehensive occupational health management system and built a robust compensation and benefits framework to motivate employees' growth and progress, enhance their personal value, and enable them to share in the company's development achievements.

▼ Occupational Safety and Health

◎ Occupational Safety and Health Management System

The Company attaches great importance to production safety and employees' occupational health, strictly abides by and implements the *Work Safety Law of the People's Republic of China*, the *Interim Measures for the Investigation and Management of Hidden Dangers in Production Safety Accidents*, the *Implementation Guidelines for the Investigation and Management of Hidden Dangers in Hazardous Chemicals Enterprises* and other laws and regulations, and forms a top-down occupational safety and health management system. At the Company level, it is responsible for the revision of relevant systems of member companies and the supervision of safety production, promoting the construction of management systems of member companies and implementing the long-term mechanism of safety production. The safety supervision department of each member company is responsible for refining and improving their own occupational safety and health system according to the requirements of Luen Mei Quantum. In order to properly implement the safety management, the Company has established a part-time safety officer management system in front-line production units. Some employees of member companies, while performing their primary job duties, after recommended by their department and passing the training and assessment, can take on the additional role of safety administrator within their department or team, assist and cooperate with the main person in charge of safety production in their departments to carry out daily safety production management under the guidance of the safety supervision department.

Some safety and health-related systems of member companies

Shandong Heze Fulin Thermal Technology Co., Ltd.

Safety Production Management System

Safety Production Reward and Punishment Management System

Emergency Rescue Plan for Work Safety Accidents

Rules for All-staff Responsibility of Safe Production

Regulations on Management of Special Operations

Anti-Violation Management System

Management System for Labor Protection Equipment

Jiangsu Luen Mei Bioenergy Co., Ltd.

Compilation of Safety Management Systems by Jiangsu Luen Mei Bioenergy Co., Ltd.

Safety Risk Announcement Management System

Emergency Plan for Safety Accidents of General Cargo Wharf

Shenyang Guorun Low Carbon Thermal Power Co., Ltd.

Safety Production Management System

Safety Production Accident Management System

Safety Production Responsibility System

Safety Production Management System

Regulations on Management of Hidden Risk Investigation and Governance

Anti-Violation Management Regulations

Responsibility System for Work Safety at All Levels

Shenyang Guoxin Environmental Protection New Energy Co., Ltd.

Safety Production Management System

Responsibility System for Safety Production and Fire Prevention in Various Posts at All Levels of the Company

Three-year Action Implementation Plan for Special Rectification of Work Safety

Shenyang Hunnan Thermal Co., Ltd.

Safety Production Management System of Hunnan Thermal

Responsibility System for Safety Production and Fire Prevention in Various Posts of Hunnan Thermal

Implementation Manual for the Construction of Risk Classification Control and Hidden Danger Investigation and Management System

Shenyang Guohui Heat Supply Co., Ltd.

Safety Production Management System

Work Objectives and Control Measures for Work Safety in 2024-2025

Responsibility System for Safety Production and Fire Prevention in Various Posts

Shenyang Xinbei Thermal Power Co., Ltd

13 safety-related regulations

25 special emergency plans for natural disasters, accidents, public health incidents and social security incidents

◎ Strengthen safety training

Safety training is crucial for the thorough implementation of the safety management system. The Company clearly stipulated in the *Management System of Employee Education and Training* that regular external training sessions are to be organized for safety management personnel. All employees must undergo routine safety education annually. Furthermore, the Safety Supervision Departments of each member company shall organize monthly specialized training sessions and practical drills for part-time safety officers, so as to enhance the safety knowledge and problem-solving capabilities of relevant personnel.



Case Safety Training in Xinbei Company

Shenyang Xinbei Thermal Power Co., Ltd., a subsidiary of Luen Mei Quantum, firmly implements the principle of "safety first, prevention foremost, and comprehensive management." The company successfully completed its annual safety training tasks and organized its key personnel, safety officers and special operation personnel for handling and renewal of relevant certification, achieving a 100% certification holding rate. During the "three repairs (minor repair, intermediate repair, overhaul) period" in the summer of 2024, Xinbei Company organized six centralized safety trainings, with a total of 882 persons trained.



Focusing on occupational health

The Company integrates health into the daily management of the Company in accordance with the requirements of the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Management Measures for Occupational Health Examination* and other laws and regulations, signing the *Notice of Occupational Hazards* with employees at the positions with occupational disease risks when signing labor contracts, explaining the potential hazard factors, occupational contraindications and occupational disease protection measures stipulated by the Company to such employees, paying attention to the labor protection of employees in daily work and fully protecting their health rights and interests. Meanwhile, the Company actively promotes its member companies to identify and evaluate occupational safety risks, strengthen the management of occupational hazards, improve the management of working environment, reduce occupational hazards, regularly arrange occupational health examinations for all on-the-job personnel, strengthen occupational health education for employees, improve their awareness of labor protection, and prevent the occurrence of occupational diseases.

Case Occupational Health Management Upgrade

Shandong Heze Fulin Thermal Technology Co., Ltd. (hereinafter referred to as "Shandong Fulin"), a subsidiary of Luen Mei Quantum, attaches importance to the management of employees' occupational health and safety. It formulates the *Management System for Labor Protection Equipment (Trial)* and other related management systems, and is committed to strengthening the management of employees' working environment. In 2024, the company hired a third-party organization to detect and evaluate the occupational hazard factors within the company, fully identified the occupational hazard contact factors of employees on the job, organized 42 employees on the job to take comprehensive occupational health examination, rectified the employees' working environment according to the evaluation results in the *Occupational Hazard Factors Detection Report and General Report on Occupational Health Examination* issued by professional organizations, and made an occupational disease publicity manual to increase the popularity of occupational disease prevention knowledge. In 2024, the expenditure related to occupational health management of Shandong Fulin reached RMB 20,040.

During the reporting period >>>

Investment amount of work-related injury insurance

115 ten thousand yuan

Coverage of work-related injury insurance

100%

Work-related injuries

5 cases

Work-related fatalities

0 case

Lost working hours due to work-related injuries

1,096 hours

▼ **Employment and Rights and Interests of Employees**

Luen Mei Quantum strictly abides by the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China* and the *Trade Union Law of the People's Republic of China* as well as other laws and regulations, adheres to the principle of fairness, justice and openness, and respects and protects the legitimate rights and interests of employees. The Company adheres to the policy of equality and non-discrimination, regulates employment according to law, and establishes harmonious and stable labor relations with employees. In 2024, the Company actively carried out campus recruitment. Through a variety of methods including information sessions, job fairs, and targeted visits to faculty members, the company reached out to 19 relevant professional institutions and extended a total of 134 interview invitations, did a good job in ongoing talent acquisition and reserve.



Employment according to law

The Company continuously strengthens and refines its human resources management system, signing employment contracts with all employees according to law to define their rights and responsibilities. The Company strictly abides by the *National Regulations on Prohibiting the Use of Child Labor* and the legal requirements of the country (region) where it operates. It firmly prohibits the employment and use of child labor and opposes any form of forced or compulsory labor. The Company implements the supervision and inspection system of labor and employment, conducts spot checks on labor management practices from time to time, and conducts training on human rights protection for all employees. In 2024, the Company did not encounter any incidents involving the employment of child labor or forced labor.



Equal Treatment

During the employee recruitment process, the Company strictly adheres to non-discriminatory hiring principles, and ensures that employees of all genders, ethnicities, and religious beliefs are provided with a unified, fair, and non-discriminatory environment in terms of compensation, promotion, and other talent development mechanisms.



Democratic Management

The Company implements the democratic management system of enterprises with the workers' congress as the basic form, and encourages employees to actively contribute their ideas and suggestions for the development of the Company. All subsidiaries regularly hold the congress of workers and staff, and take the initiative to listen to employees' demands and solve their actual needs via the platform of the congress of workers and staff.



Compensation and benefits

The Company actively reforms the compensation and benefits system, including providing employees with salary not lower than the regional average salary level, and paying social insurances and one housing fund in full (including paying the housing fund for employees at the highest proportion). In 2024, the Company's social insurance coverage rate was 100%, and the labor contract signing rate reached 100%.

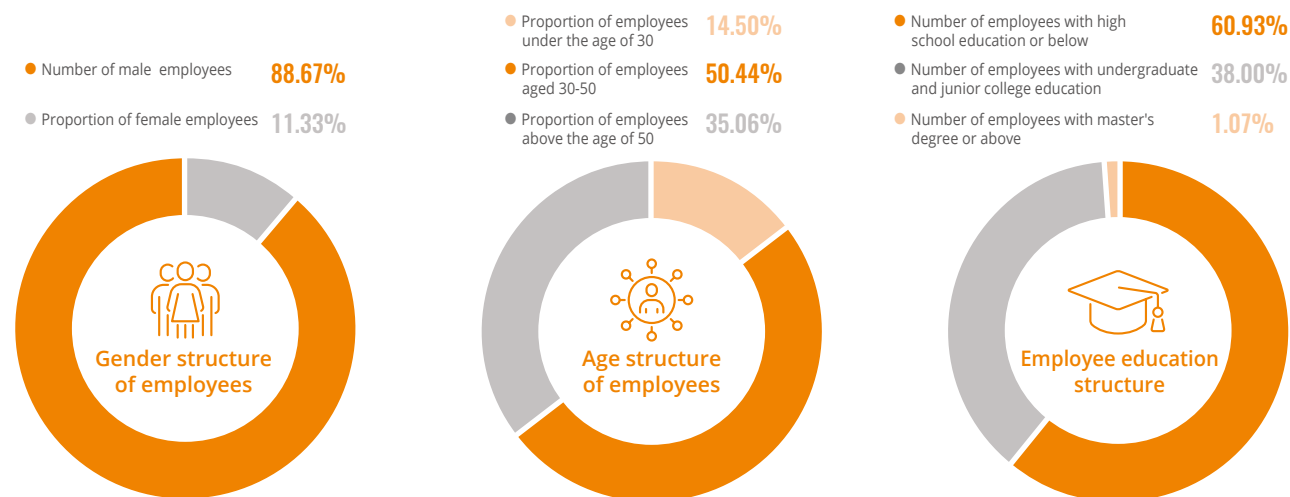


Employee Care

The Company adheres to the concept of "healthy development and happy work", strives to balance the work and life of employees by holding trade union activities such as Spring Festival celebrating activity, employee birthday party and International Working Women's Day activity every year. In 2024, the Company organized multi-level and multi-faceted employee care activities, which not only enriched employees' leisure time but also further boosted morale and enhanced team cohesion.



Employee Structure



During the reporting period >>>

Total number of employees
2,524 people

Number of new employees
796 people

Labor contract signing rate
100 %

Social insurance coverage rate
100 %

Employee satisfaction
100 %



Case EHR System Enhances HR Management Upgrade

In 2024, to enhance employee management efficiency and improve the precision of management, the Company launched the Beisen EHR system, comprehensively reviewed and integrated existing personnel information structures and authority allocations via the system, and redesigned its approval processes, phased out outdated attendance equipment and related systems, and upgraded the processing of attendance data to be more refined. Based on attendance data, the Company optimized payroll rules, achieving seamless integration from employee records to attendance data to salary calculations.

Case Using Voice to Convey Dreams

In 2024, Luen Mei Quantum participated in the fourth speech contest organized by Luen Mei Group. This year's speech contest was centered around the theme "Growing Together with Luen Mei". Participants used language as a medium to vividly explain their understanding of the Company's corporate culture, share touching stories of practicing corporate culture, show the elegant demeanor and spiritual outlook of Luen Mei, and win applause and honor.



Career Development and Training

Luen Mei Quantum continuously improves and deepens its talent cultivation mechanisms, placing significant emphasis on employee career planning, strengthening the development of talent teams, and ensuring an adequate number of talents with a reasonable hierarchy and optimized structure. The Company has formulated and improved the training systems such as *Internal Lecturer Management System* and *Talent Development Management System*, and constantly improved the induction training system, compiled the induction training materials and plan assessment system, and standardized the training process. Based on the Company's actual situation of management and its development needs, the Company provides equal development opportunities for different types of employees

For core talents

Implements the "successor" development plan from 2021 to 2024, providing core talents with sufficient career development space

For employees with professional skills

The company regularly carries out a series of professional skills training through the combination of internal training and external training, and encourages employees to specialize in their strengths and engage in professional work for a long time in the business field

For campus hires and interns

The company places great emphasis on cultivating and reserving future talent. It continuously follows up on the development of previous campus hires and interns, while formulating and improving systems such as the management measures for the mentorship system of fresh graduates, the training program and management measures for honor students, etc., To help employees quickly adapt to the work environment, familiarize themselves with work processes, and enhance the capability and competency levels of new employees.

Case "Successor" Talent Development Plan

In order to realize the sustainable development of the Company's core talent team, the Company has established an effective core talent training mechanism. Based on the training principle of "primarily internal cultivation, supplemented by external cultivation, with a combination of unified and distributed approaches", Luen Mei Quantum adopts a "dynamic talent pool management" approach for continuous and cyclical training. The talent development program covers three training plans, namely, "Luen Mei's Leaders", "Luen Mei's Eagle" and "Luen Mei's Craftsman", with a total of 78 trainees from various business sectors. As of June, 2024, the "Successor" talent pool project has been in operation for three years, and 7 people have been selected as "Luen Mei's Leaders", 2 people have been promoted as training targets, and 25 people have been selected as "Luen Mei's Eagle", and 7 people have been promoted as the training targets. On July 22, 2024, the Company held a three-year graduation ceremony of the "Successor" talent development project.



Case Continuously Promote the Cultivation of "Honor Students" Talents

In 2024, the Company organized the enterprise integration training of "Honor Students Phase V", and arranged the trainees of "Honor Students Phase V" for mentorship ceremonies, job rotations, monthly online learning assignments, and the submission of offline assessment materials. By the end of the reporting period, the retention rate of honor students reached 100%.



Case Training and Empowering Professional Skills

In order to improve the skills and quality level of managers and key employees, and improve the quality level and organizational efficiency of employees, the Company has continuously organized a series of employee empowerment trainings since 2022. In 2024, it organized technical and experience seminars and production safety responsibility awareness training for environmental protection, auto repair and other sectors, with the participation of production and operation technicians such as safety supervision, environmental protection and steam turbines, as well as middle and primary management cadres, with up to 500 trainees.



Case Building "Luen Mei Cloud Classroom"

In addition to offline training activities, the Company makes full use of the "Luen Mei Cloud Classroom" learning platform, giving feedback to students on their learning progress at the beginning of the month, at the middle of the month and at the end of the month, ranking the class hours of students every six months and rewarding the top 10 students, thus actively promoting employees' online learning. From October, 2024, the Company established the "New Employee Induction Training" study group on the "Luen Mei Cloud Classroom" platform for new employees, set up a new employee training account for each member company, and updated the learning content (including the latest promotional video, company introduction and rules and regulations). By the end of the reporting period, a total of 145 new employees from the Company headquarters and member companies had participated in the induction training for new employees on "Luen Mei Cloud Classroom" platform.

联美云学堂
学时排行榜
2024年1-6月员工大比拼

排名	姓名	公司	学时 (hours)
1	孙楠	国新环境	363.7
2	陈阳强	集团本部	276.5
3	吴宏亮	国新环境	194.6
4	陶宏雷	集团本部	170.8
5	唐磊	集团本部	169.3
6	王继伟	集团本部	159.5
7	孙宇	国新环境	153
8	徐前	国新环境	152.3
9	吕有清	国新环境	151.7
10	张永清	国新环境	151.6

国新环境人力资源部

During the reporting period >>>

Total number of employees participating in training

944 people

Number of middle managers trained

70 people

Number of grassroots employees trained

874 people

Training expenditures

47,500 yuan

Total number of participants in knowledge and skills training

1,347 person-time

Average training duration per employee

5.62 hours/person

Average training duration per middle manager

4.47 hours/person

Average training duration per grassroots employee

5.78 hours/person



Building a Harmonious Society Together

While creating economic benefits, Luen Mei Quantum actively fulfills its social responsibilities, devotes itself to giving back to communities and residents, and supports local economic development. Based on its own advantages in human resources, capital and technology, the Company pays attention to a number of public welfare topics, encourages employees to actively participate in urban construction and volunteer service, and promotes the harmonious development of society.

▼ Paying taxes according to law

Paying taxes according to law is an important social responsibility of enterprises. While creating economic benefits, Luen Mei Quantum insists on paying taxes in good faith according to law to promote regional development. In 2024, the Company has paid the taxes with a total amount of RMB 299 million, made a contribution to the national and local economic development and social progress.

▼ Collaborative Rural Development

Establishing deep roots in local communities and implementing localized operations are crucial strategies for promoting the integration of the company with local areas. Under the background of advancing rural revitalization, the Company leverages the characteristics of its industry to continuously expand its biomass clean energy sector. By fully utilizing agricultural and forestry residues from rural areas, the Company ensures it performs its primary duties of providing heating and cooling services effectively. By the end of the reporting period, Luen Mei Quantum has achieved an annual biomass processing capacity of 300,000 tons.

Case "Energy Engine" of Rural Revitalization

As the living standards and production levels in our country continue to rise, the handling of agricultural and forestry residues in rural areas has become a focal point for rural revitalization. In order to promote the transformation of agricultural and forestry wastes from "ecological burden" to "green wealth", Jiangsu Luen Mei Bioenergy Co., Ltd., a wholly-owned subsidiary of Luen Mei Quantum, continues to innovate biomass energy utilization technology and promote the comprehensive utilization of agricultural and forestry biomass towards larger scales, industrialization, intensification, and smarter operations. Under the dual background of "carbon peaking and carbon neutrality" goals and rural revitalization, the comprehensive utilization of biomass energy holds the promise of fostering a high-quality development with equal emphasis on rural development and cleaner energy practices.



▼ Public Welfare Activities

Adhering to the tenet of "dedication, love, unity and mutual assistance", the Company actively participates in public welfare activities in various ways and contributes to the creation of a harmonious society and a beautiful community.

Case Charitable Walk for Love in Hunan

On September 4, 2024, 15 employees of Shenyang Guorun Low Carbon Thermal Power Co., Ltd, a member company of Luen Mei Quantum, participated in the charity-themed city walking activity of "Charitable Walk for Love in Hunan", and the charity walking was set around five themes: "Sports for Good", "Digital for Good", "Culture for Good", "Sunshine for Good" and "Service for Good".



Key Performance Table

▼ Environmental Performance

Indicator	Unit	2024
Greenhouse gas emission		
Scope 1: Greenhouse gas emissions from direct emission sources	Million tons of carbon dioxide equivalent	3.01
Scope 2: Greenhouse gas emissions from indirect emission sources	Million tons of carbon dioxide equivalent	0.04
Total greenhouse gas emissions (scope 1+ scope 2)	Million tons of carbon dioxide equivalent	3.05
Greenhouse gas reduction	Tons of carbon dioxide equivalent	114,835.08
Emission Management		
Total non-hazardous waste	Ton	647,453.8
Non-hazardous waste density	Ton/million yuan revenue	184.49
Total hazardous waste	Ton	420.74
Hazardous waste density	Ton/million yuan revenue	0.12
Nitrogen oxide emissions	Ton	618.81
Sulfur dioxide (SO2) emissions	Ton	169.63
Particulate Matter (PM) emissions	Ton	30.67
Emissions of other harmful gases (such as volatile organic compounds VOCs, etc.)	Ton	11.74
Energy management		
Coal consumption	Ton	2,181,316.07
Diesel consumption	Liter	745,963.92
Consumption of liquefied petroleum gas	Ton	26.66
Gasoline consumption	Liter	56,756.52
Total biomass combustion	Ton	303,638.03
Total amount of purchased heat	GJ	495,636.49
Electricity consumption	MWh	181,314.49
Direct energy consumption	Tons of standard coal equivalent	1,125,248
Indirect energy consumption	Tons of standard coal equivalent	12,015
Total energy consumption	Tons of standard coal equivalent	1,137,263
Total energy consumption intensity	Tons of standard coal equivalent/million yuan revenue	324.06
Water resource management		
Total water consumption	Ton	4,104,182
Total water consumption intensity	Ton/million yuan revenue	1,169.48
Total amount of circulating water	Ton	449,761
Percentage of circulating water to total water consumed	%	10.96

▼ Social Performance

Indicator		Unit	2024
Employment and rights and interests of employees			
Labor contract signing rate		%	100
Social insurance coverage rate:		%	100
Total number of employees		Person	2,524
Number of Employees by Gender	Female	Person	286
	Male	Person	2,238
Number of Employees by Age	Below the age of 30	Person	366
	31-50 years old	Person	1,273
	51 years old and above	Person	885
Number of Employees by Education Background	High school and below	Person	1,538
	Undergraduate and Junior College	Person	959
	Master's Degree or Above	Person	27
Proportion of female middle managers		%	22.92
Proportion of female senior managers		%	5.88
Number of new employees		Person	796
Employee satisfaction		%	100
Career Development and Training			
Total number of employees participating in training		Person	944
Number of middle managers trained		Person	70
Number of grassroots employees trained		Person	874
Training expenditures		Ten thousand yuan	4.75
Total number of participants in knowledge and skills training		Person-times	1,347
Average training duration per employee		Hours/person	5.62
Average training duration per middle manager		Hours/person	4.47
Average training duration per grassroots employee		Hours/person	5.78
Training coverage of employees		%	47.87
Occupational health and safety			
Investment amount of work-related injury insurance		Ten thousand yuan	115
Coverage of work-related injury insurance		%	100
Work-related injuries		Cases	5
Work-related fatalities		Cases	0
Lost working hours due to work-related injuries		Hour	1,096
Coverage of physical examination and health records		%	100
Technological innovation			
R&D expenses		Ten thousand yuan	2,292.55
Number of newly authorized patents		/	3
Number of software copyrights		/	3
Number of accumulated authorized patents		/	74

Indicator	Unit	2024
Product quality		
Number of major quality accidents	/	0
Number of quality audits	Time	432
Completion rate of rectification of quality hidden dangers/problems	%	100
Service experience		
Number of customer service staff	Person	60
Telephone customer service satisfaction	%	100
Online customer service satisfaction	%	100
Customer complaint resolution rate	%	100
Number of customer commendations and acknowledgments received	Time	320
Supply chain security		
Total number of suppliers	/	2,906
Rural revitalization and social welfare		
Amount invested in social welfare	Ten thousand yuan	2.08

▼ Governance performance

Indicator	Unit	2024
Number of directors receiving training on anti-commercial bribery and anti-corruption	Person	7
Number of managers receiving training on anti-commercial bribery and anti-corruption	Person	147
Number of employees receiving training on anti-commercial bribery and anti-corruption	Person	757
Proportion of directors receiving training on anti-commercial bribery and anti-corruption	%	100
Proportion of managers receiving training on anti-commercial bribery and anti-corruption	%	100
Proportion of employees receiving training on anti-commercial bribery and anti-corruption	%	30
Number of board meetings held throughout the year	Time	10
Number of investor communication activities	/	5
Number of roadshows	Time	3
Number of investor visits received	Time	5
Number of investor communication meetings held	Time	3

Index table

▼ Index for GRI Standards

Using the standards	Luen Mei Quantum Co., Ltd. has reported the information cited in this GRI content index with reference to GRI standards from January 1, 2024 to December 31, 2024.
GRI 1 applied	Foundation 2021

Disclosure items	Corresponding chapters
GRI 2: General disclosures 2021	
Organization and its reporting practices	
2-1 Organization details	About the Report
2-2 Entities included in the organization's sustainability reporting	About the Report
2-3 Reporting period, frequency and contact point	About the Report
2-4 Restatements of information	Not involved
2-5 External assurance	/
Activities and workers	
2-6 Activities, value chains and other business relationships	About Luen Mei
2-7 Employees	Protect Employees' Rights and Interests
2-8 Workers other than employees	Protect Employees' Rights and Interests
Governance	
2-9 Governance architecture and composition	Standardizing Corporate Governance
2-10 Nomination and selection of the highest governing body	Standardizing Corporate Governance
2-11 Chairman of the highest governing body	Standardizing Corporate Governance
2-12 Supervisory role of the highest governing body in managing influence	Standardizing Corporate Governance
2-13 Delegation of responsibility for managing influence	Standardizing Corporate Governance
2-14 Role of the highest governing body in sustainability reporting	ESG Management Structure
2-15 Conflict of interest	/
2-16 Communication of critical concerns	Analysis of material topics
2-17 Common knowledge of the highest governing body	Standardizing Corporate Governance
2-18 Performance assessment of the highest governing body	/
2-19 Remuneration policy	Protect Employees' Rights and Interests
2-20 Procedures to determine remuneration	Protect Employees' Rights and Interests
2-21 Annual compensation ratio	/
Strategy, policy and practice	
2-22 Statement on sustainable development strategies	Chairman's Speech
2-23 Policy commitments	Chairman's Speech
2-24 Integration policy commitments	Chairman's Speech
2-25 Procedures for remedying adverse effects	/
2-26 Mechanisms for seeking advice and raising concerns	Communication with Stakeholders
2-27 Compliance with laws and regulations	Standardizing Corporate Governance
2-28 Membership in the Association	/

Disclosure items	Corresponding chapters
Stakeholder Participation	
2-29 Participatory approach of stakeholders	Analysis of material topics
2-30 Collective bargaining agreement	/
GRI 3: Material Topics 2021	
3-1 Process to determine material topics	Analysis of material topics
3-2 List of material topics	Analysis of material topics
3-3 Management of material topics	Analysis of material topics
GRI 201: Economic Performance 2016	
201-1 Economic value directly generated and distributed	About Luen Mei
201-2 Financial impact of climate change and other risks and opportunities	Climate change tackling
201-3 Defined benefit plan obligations and other retirement plans	Protect Employees' Rights and Interests
201-4 Financial subsidies from the government	/
GRI 202: Market Presence 2016	
202-1 Ratio of standard starting salary by gender to local minimum wage	/
202-2 Proportion of senior executives hired from local communities	/
GRI 203: Indirect Economic Impacts 2016	
203-1 Infrastructure investment and supporting services	Climate change tackling
203-2 Significant indirect economic impact	/
GRI 204: Procurement Practice 2016	
204-1 Proportion of expenditures for purchase from local suppliers	/
GRI 205: Anti-corruption 2016	
205-1 Operational points for conducting corruption risk assessments	Upholding business ethics
205-2 Communication and training for anti-corruption policies and procedures	Upholding business ethics
205-3 Confirmed corruption and actions taken	Upholding business ethics
GRI 206: Anti-competitive Behavior 2016	
206-1 Legal proceedings against anti-competitive behavior, antitrust, and anti-monopoly practices	Upholding business ethics
GRI 207: Tax 2019	
207-1 Tax policies	Building a Harmonious Society Together
207-2 Tax governance, control and risk management	/
207-3 Stakeholder participation and management related to tax concerns	/
207-4 Country reports	Not involved
GRI 301: Materials 2016	
301-1 Weight and volume of material used	/
301-2 Recycled incoming materials used	/
301-3 Recycled products and their packaging materials	/
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Saving energy, reducing consumption and increasing efficiency
302-2 Energy consumption outside the organization	/
302-3 Energy intensity	Saving energy, reducing consumption and increasing efficiency
302-4 Reduction of energy consumption	Saving energy, reducing consumption and increasing efficiency

Disclosure items	Corresponding chapters
302-5 Reduction of energy demand for products and services	Saving energy, reducing consumption and increasing efficiency
GRI 303: Water and Effluents 2018	
303-1 Mutual impact between the organization and water, as common resources	Promoting water conservation
303-2 Management of drainage-related impacts	Promoting water conservation
303-3 Water taking	Promoting water conservation
303-4 Water draining	Promoting water conservation
303-5 Water consumption	Promoting water conservation
GRI 304: Biodiversity 2016	
304-1 Operation points owned, leased, managed by organization in or near protected areas and biodiversity-rich areas outside protected areas	Not involved
304-2 Significant impacts of activities, products and services on biodiversity	Not involved
304-3 Protected or restored Hhabitat	Not involved
304-4 Species in habitats affected by operation that have been listed in the IUCN Red List and National Protection List	Not involved
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) greenhouse gas emission	Climate change tackling
305-2 Direct (Scope 2) greenhouse gas emission of energy	Climate change tackling
305-3 Other direct (Scope 3) greenhouse gas emission	/
305-4 Greenhouse gas emission intensity	/
305-5 Emission reduction of greenhouse gas	/
305-6 Emissions of ozone depleting substances (ODS)	Not involved
305-7 Nitrogen oxides (NOX), Sulfur oxides (SOX), and other significant air emissions	Key performance table
GRI 306: Waste 2020	
306-1 Waste generation and significant waste related impacts	Strengthening Environmental Management
306-2 Management of significant waste related impacts	Strengthening Environmental Management
306-3 Wastes generated	Strengthening Environmental Management
306-4 Wastes transferred from disposal	Strengthening Environmental Management
306-5 Waste entering disposal	Strengthening Environmental Management
GRI 308: Supplier Environmental Assessment 2016	
308-1 New suppliers screened by environmental assessment dimensions	Create a sustainable supply chain
308-2 Negative environmental impacts of supply chains and actions taken	Create a sustainable supply chain
GRI 401: Employment 2016	
401-1 New employee hiring rate and employee turnover rate	Protect Employees' Rights and Interests
401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	Protect Employees' Rights and Interests
401-3 Parental leave	/
GRI 402: Labor/Management Relations 2016	
402-1 Minimum notice period for operation change	/
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Protect Employees' Rights and Interests
403-2 Hazard identification, risk assessment, and accident investigation	Protect Employees' Rights and Interests

Disclosure items	Corresponding chapters
403-3 Occupational health services	Protect Employees' Rights and Interests
403-4 Occupational health and safety affairs: Participation, consultation and communication of workers	Protect Employees' Rights and Interests
403-5 Occupational health and safety training for workers	Protect Employees' Rights and Interests
403-6 Promoting the health of workers	Protect Employees' Rights and Interests
403-7 Prevention and mitigation of OHS impacts directly related to business relationships	Protect Employees' Rights and Interests
403-8 Workers covered by the OHS management system	Protect Employees' Rights and Interests
403-9 Work-related injuries	Protect Employees' Rights and Interests
403-10 Health problems associated with work-related injuries	Protect Employees' Rights and Interests
GRI 404: Training and Education 2016	
404-1 Average number of hours of training per employee per year	Protect Employees' Rights and Interests
404-2 employee skill upgrading program and transition assistance program	Protect Employees' Rights and Interests
404-3 Percentage of employees accepting the performance and occupational development assessment regularly	/
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversification of governance organization and employees	Protect Employees' Rights and Interests
405-2 Ratio of basic wages and remuneration of male and female	/
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken	Protect Employees' Rights and Interests
GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1 Operators and suppliers whose freedom of association and collective bargaining rights may be at risk	/
GRI 408: Child Labor 2016	
408-1 Operational points and suppliers with significant risk of child laborer incidents	/
GRI 409: Forced or Compulsory Labor 2016	
409-1 Operational points and suppliers with significant risk of forced or compulsory labor events	/
GRI 410: Security Practice 2016	
410-1 Security personnel who have been trained in human rights policies or procedures	Not involved
GRI 411: Rights of Indigenous Peoples 2016	
411-1 Incidents involving violations of indigenous rights	Not involved
GRI 413: Local Communities 2016	
413-1 Operating points with local community participation, impact assessment and development plan	/
413-2 Operating points with actual or potential significant negative impact on local communities	Not involved
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers selected using social evaluation criteria	Create a sustainable supply chain
414-2 Negative social impacts of supply chains and actions taken	Create a sustainable supply chain
GRI 415: Public Policy 2016	
415-1 Political donation	Not involved
GRI 416: Customer Health and Safety 2016	
416-1 Evaluation of the health and safety impacts of product and service categories	Stick to strict quality control, optimize service experience
416-2 Violations involving health and safety impacts of products and services	Not involved

Disclosure items	Corresponding chapters
GRI 417: Marketing and Logo 2016	
417-1 Requirements for information and logo of product and service	Stick to strict quality control, optimize service experience
417-2 Violations involving information and logo of product and service	Not involved
417-3 Violations involving marketing communications	Not involved
GRI 418: Customer Privacy 2016	
418-1 Substantiated complaints involving invasion of customer privacy and loss of customer data	Not involved

▼ Index of Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial);

Topic	Article	Corresponding sections
Environment		
Climate change tackling	Article 21 to 28	Climate change tackling
Pollutant discharge	Article 30	Strengthening Environmental Management
Waste disposal	Article 31	Strengthening Environmental Management
Ecosystem and biodiversity protection	Article 32	Not involved
Environmental compliance management	Article 33	Strengthening Environmental Management
Energy usage	Article 35	Optimizing Service Experience
Usage of water resources	Article 36	Optimizing Service Experience
Circular economy	Article 37	Optimizing Service Experience
Society		
Rural revitalization	Article 39	Building a Harmonious Society Together
Contribution to the society	Article 40	Building a Harmonious Society Together
Innovation-driven	Article 42	Innovation-driven Transformation
Ethics of science and technology	Article 43	Not involved
Supply chain security	Article 45	Create a sustainable supply chain
Equal treatment to small and medium-sized enterprises	Article 46	Create a sustainable supply chain
Safety and quality of products and services	Article 47	Stick to strict quality control, optimize service experience
Data security and customer privacy protection	Article 48	Optimizing Service Experience
Employees	Article 50	Protect Employees' Rights and Interests
Sustainability-related governance		
Due diligence	Article 52	Communication with Stakeholders
Communication with stakeholders	Article 53	Communication with Stakeholders
Anti-commercial bribery and anti-corruption	Article 55	Upholding business ethics
Anti-unfair competition	Article 56	Upholding business ethics

Reader Feedback Form

Dear readers:

Thank you for reading the *Luen Mei Quantum Co., Ltd. 2024 Environmental, Social and Governance (ESG) Report*. We expect to receive your valuable feedback on our environmental, social and corporate governance report. Your comments and suggestions are crucial for us to continue to promote the management and practice of sustainable development of enterprise. We earnestly look forward to your comments and suggestions on the report and our work. You can send the questionnaire back to us by mail, email or fax, or call us directly to put forward your valuable opinions.

Multiple-choice questions (please tick ✓ in the corresponding position)

What kind of stakeholders of Luen Mei Quantum does your work unit belong to?

Shareholder ☐ Employee ☐ Business partner ☐ Customer ☐ Government ☐
Community ☐ Bank ☐ Other ☐ (please specify _____)

Do you think this report can reflect the significant impact of Luen Mei Quantum on economy, society and environment?

Yes ☐ Fair ☐ No ☐

Do you think the analysis of the stakeholders identified in this report and their relationship with Luen Mei Quantum is accurate and comprehensive?

Yes ☐ Fair ☐ No ☐

Do you think the information disclosed in this report is comprehensive?

Yes ☐ Fair ☐ No ☐

Do you think the information disclosed in this report is readable?

Yes ☐ Fair ☐ No ☐

Open questions

What other information do you think you are concerned about but not find in this report?

What do you think can be improved in this report?

If you have any questions or comments about the report, please contact us through the following ways:

Email: zhangyao@luenmeichina.com

Address: No. 1 Yuanhang Middle Road, Hunnan New District, Shenyang

Postal Code: 110168

Contact Tel.: 024-23784835



Luen Mei Quantum Co., Ltd.

Address: No. 1 Yuanhang Middle Road, Hunnan New District, Shenyang
Postal Code: 110168



024-23784835

www.luenmeilz.com