

CHANGHONG 长虹

长虹 AI TV



Sichuan Changhong Electric Co., Ltd. Stock Code:600839

Sichuan Changhong ESG Report 2024





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About ESG Report

▶ Introduction

Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong” or “the Company”) has prepared this report under the principle of openness and transparency. It aims to display the actual performance fully performance, risks and opportunities of Sichuan Changhong and its subsidiaries (collectively referred to as “the Group”) in social responsibility and sustainable development to shareholders, potential investors, customers, employees, public welfare organizations, media, governments and other sectors of society. This report is collected and collated by the ESG Management Office of the Company. It details the progress and results of the Group's ESG work in 2024 and ensures that all sectors of society can objectively and comprehensively understand the actual actions of the Company in environmental, social and governance (ESG).

▶ Scope

This ESG report covers the period from January 1 to December 31, 2024, with parts covering longer periods depending on circumstances. Unless otherwise stated, this report covers Sichuan Changhong and its subsidiaries.

▶ Preparation Basis

This report is primarily prepared with reference to: the “No.14 Guidelines for Self-regulation of Listed Companies of Shanghai Stock Exchange — Sustainable Development Report (Trial)” ; “No.4 Guidelines for Self-regulation of Listed Companies of Shanghai Stock Exchange — Sustainability Reporting Preparation” ; the “Reference Indicator System for ESG Report of Listed Companies Controlled by Centrally-administrated SOEs” issued by the State-owned Assets Supervision and Administration Commission of the State Council; “GRI Standards 2021” issued by Global Reporting Initiative; the United Nations Sustainable Development Goals (SDGs); SDGs of the United Nations; and “ESG Reporting Guidelines” in Appendix 27 to the “Main Board Listing Rules” of the Stock Exchange of Hong Kong Limited.

▶ Content Source and Reliability Assurance

The text materials, data and cases cited in this report are all from the Company's internal statistical data, relevant documents and management systems, which are all original records of the actual operation of the Group. All information has been strictly reviewed within the Company and finally approved by the management, ESG Management Committee and Board of Directors. The Company regularly verifies the effectiveness of the data collection process and data management system to ensure the accuracy and reliability of this report. The Company promises that there are no false records or misleading statements in this report, and it is responsible for the authenticity, accuracy and completeness of the report contents.

▶ Disclaimer

This report may contain forward-looking statements that are based on the Company's reasonable projections and expectations of possible or imminent business activities, events or developments. However, due to various uncontrollable factors such as market environment and policy changes, actual results may differ from these forward-looking statements. As such, these statements should not be used as the primary basis for investments.

▶ Acquisition Method

This report is prepared in both Chinese and English languages and will be published in electronic form. In case of any discrepancies between the two language versions, the Chinese version shall prevail. Investors and the public can access and download the report from the official website of Shanghai Stock Exchange and the Company's official Website. If you have any questions, suggestions, or feedback regarding this report, please feel free to contact us via email at 600839@changhong.com, and we will reply to and deal with your feedback as soon as possible.

▶ Short Name Description

Short Name	Full Name
Company, the Company, and Sichuan Changhong	Sichuan Changhong Electric Co., Ltd.
The Group	The Company and its subsidiaries
Guangdong Changhong Electronics	Guangdong Changhong Electronics Co., Ltd.Changhong
Changhong (Hong Kong)	(Hong Kong) Trading Limited
Changhong Air Conditioner	Sichuan Changhong Air Conditioner Co., Ltd.
Sichuan Changhong Packing & Printing	Sichuan Changhong Packing & Printing Co., Ltd.Sichuan
Sichuan Changhong NeoNet Technologies	Changhong NeoNet Technologies Co., Ltd.Sichuan
Sichuan Changhong Mold and Plastic Tech	Changhong Mold and Plastic Tech Co., Ltd.Sichuan
Sichuan Changhong Precision Electronics Technology	Changhong Component Technology Co., Ltd.
Sichuan Changhong Precision Electronics	Sichuan Changhong Precision Electronics Technology Co., Ltd.
081 Electronics Group	081 Electronics Group Co., Ltd.
Sichuan Changhong Jijia Precision Industry	Sichuan Changhong Jijia Precision Industry Co., Ltd.
Sichuan Changhong Battery	Sichuan Changhong Battery Co., Ltd.
Zhongshan Changhong Electric	Zhongshan Changhong Electric Co., Ltd.
Changhong Meiling	Changhong Meiling Co., Ltd.
Changhong Huayi Compressor	Changhong Huayi Compressor Co., Ltd.
Changhong Jiahua	Changhong Jiahua Holdings Limited
Zhongke Meiling Cryogenics	Zhongke Meiling Cryogenics Co., Ltd.
Sichuan Hongxin Software	Sichuan Hongxin Software Co., Ltd.
Changhong Minsheng Logistics	Sichuan Changhong Minsheng Logistics Co., Ltd.
Changhong Smart Display	Changhong Smart Display (China) Co., Ltd.
Sichuan Changhong Real Estate	Sichuan Changhong Real Estate Co., Ltd.
Sichuan Kuaiyidian	Sichuan Kuaiyidian Electrical Service Chain Co., Ltd.
Sichuan Hongrui Electric	Sichuan Hongrui Electric Co., Ltd.
Jiaxipera	Jiaxipera Compressor Co., Ltd.
Jiangxi Meiling	Jiangxi Meiling Electric Appliance Co., Ltd.
Sichuan Changhong Gerun	Sichuan Changhong Gerun Environmental Protection Technology Co., Ltd.

Message from the Chairman

In 2024, under the leadership of the new Board of Directors, Sichuan Changhong Electric Co., Ltd. remained committed to the guiding principle of “Technology-powered Changhong to Serve China through Industrial Development.” The Company steadily advanced on the new journey of fostering new quality productive forces and promoting high-quality development, achieving solid operational performance. For the year, the Company recorded operating revenue of approximately CNY 103.691 billion, representing a year-on-year growth of approximately 6.40%, and a net profit of approximately CNY 1.805 billion, up approximately 0.4% year-on-year (data to be updated upon the release of the annual report in mid-April). On the occasion of the release of the Sichuan Changhong ESG Report 2024, I would like to extend my sincere gratitude, on behalf of Sichuan Changhong Electric Co., Ltd., to every partner who has stood with us along the way. This report not only documents company's solid progress in green transformation, innovation, and fulfillment of responsibilities, but also embodies our solemn commitment to sustainable development.

Strengthening Governance as the Foundation for Steady, Long-Term Progress

In 2024, we deepened the implementation of the SOE reform enhancement initiative, further improving the corporate governance system and advancing governance modernization. A three-tier management structure - “Headquarters-BU-FBU” - was established, and a scientific decision-making and efficient execution mechanism was put in place, achieving an organic unity between decision-making transparency and governance accountability. Guided by the “three checklists” - compliance risk identification, key process control, and critical position compliance responsibilities - the Company completed 112 system iterations and issued 6 new systems throughout the year. Our audit team conducted 2,110 comprehensive audits with 100% coverage, generating 464 management improvement proposals and establishing a multidimensional risk control shield. Notably, in the global capital market access evaluation, our company became the first manufacturing enterprise from western China to be included in the MSCI Index, marking global recognition of the governance model adopted by China's advanced manufacturing enterprises.

Green Transition, Responsible Commitment

In 2024, in response to the national dual carbon goals, we upheld the philosophy of green development and delivered solid results: overall energy consumption intensity dropped by 0.09, greenhouse gas emission

intensity declined by 7.94%, and water resource consumption intensity fell by 2.33%. From being recognized as a “Provincial Environmental Protection Integrity Enterprise” to being certified as a “National Green Factory,” we have embedded green technologies into every procedure, with every kilowatt-hour and every gram of carbon carrying our promise to the planet. Moving forward, we will continue advancing all product lines toward top-tier energy efficiency standards. This is the most compelling interpretation of “Green Changhong” —true sustainable development begins with design and ends with responsibility.

Innovation-Driven Leadership for an Intelligent Future

In 2024, we accelerated the development of new quality productive forces and embraced the AI+ initiative, seizing opportunities in the emerging AI sector. Through vivid practices and innovative achievements, we embodied the spirit of Changhong—“diligence, fearless, perseverance and pursuit of excellence”.

In the field of “AI + Products,” we have adhered to our core value of “customer-centricity” and adopted a dual-drive model of independent and collaborative innovation. Leveraging the Yunfan AI large model - Canghai Intelligent Agent and the vertical large model for white goods, we redefined human-machine interaction and advanced intelligent home ecosystems. A series of industry-first AI appliances were launched, including the world's first AI television, AI cloud-humidity-controlled embedded refrigerator, and AI precision-control sterilization & cleaning air conditioner, making Changhong AI appliances “understand you better than you do.” Sichuan Changhong continues to advance relentlessly from single-product innovation to ecosystem innovation in smart homes that are increasingly intelligent, integrated, and pre-installed.

In the field of “AI + Manufacturing,” we actively responded to the national call for “large-scale equipment renewal” by systematically carrying out intelligent upgrades and digital transformation. More than 100 key equipment renewal projects were implemented with an investment exceeding CNY 600 million. The Changhong “5G + Industrial Internet” customized smart display factory was selected as one of the first batch of national-level outstanding smart factories. Relying on our self-developed, first-in-Sichuan cross-industry and cross-domain industrial internet platform, we developed replicable solutions for over 60 scenarios such as manufacturing execution and warehouse logistics, cumulatively serving nearly 3,000 SMEs.

In the field of “AI + Operations,” we actively deepened the full-chain integration and innovation of AI with “R&D,

production, supply, sales, and service”, accelerated the development of informatized and intelligent management, and continuously improved operational efficiency. In supply chain management, we built a smart supply chain platform to enhance the integrated management of suppliers and procurement operations. In production management, intelligent material analysis enabled optimized allocation of production resources, resulting in a 145% increase in commercial inventory turnover and a significant reduction in inventory costs. In quality management, the “Yunshu” industrial app was developed with the goal of achieving full product lifecycle traceability, enabling services such as accountability tracing for product quality, thereby effectively safeguarding product quality and consumer rights.

Cultivating Responsibility for Symbiotic and Shared Growth

We firmly believe that the value of a corporation lies in breathing with the times and growing with society. From lighting the first classroom lamp in remote mountainous areas to delivering the warmth delivered by Chinese smart manufacturing along the Belt and Road, Changhong has always embedded social responsibility into its DNA: CNY 1 million in education funds has illuminated the path of knowledge for students in underprivileged areas; purchases of agricultural products exceeding CNY 7.9 million have supported 5,583 families. Over 15,000 star-rated certified engineers providing 24/7 support have turned “Changhong Service” into a warm promise across China's 9.6 million square kilometers. More than CNY 20 billion in export revenue has transformed the Belt and Road into not only a channel for trade but also a pathway for shared development. We believe that the value of a corporation lies not only in generating profits but also in ensuring technological progress benefits the public and in using business as a force for good to nourish society.

The scroll of 2025 is slowly unfolding. Facing an increasingly complex global economic landscape, our conviction remains unwavering. We will stay true to the development philosophy that “lucid waters and lush mountains are invaluable assets,” uphold both compliance and innovation, strengthen modern corporate governance, fulfill our responsibilities as a state-owned enterprise through dedicated service to society, and continue advancing sustainable development. Though the road ahead may be long, we know that perseverance will lead us to our destination. Every member of Changhong is moving forward with urgency and purpose—with a deep sense of responsibility to strengthen our enterprise and drive meaningful progress. Together with our partners, we are ready to stride boldly on the path toward original

innovation, equipment renewal, and consumption upgrading—toward a future of shared brilliance and a new chapter in the era of intelligent manufacturing in China.

Board of Directors Statement

As the highest decision-making body for ESG affairs, the Board of Directors has set up the ESG Management Committee to assist in relevant work. The ESG Management Committee is responsible for developing ESG strategies, ensuring alignment with the Company's business objectives, and continually improving ESG performance.

The Company has set ESG strategic objectives related to its business operations. The Board of Directors has reviewed and discussed the establishment and progress of the objectives, and all ESG works have achieved phased progress as planned.

This report details the Company's achievements in ESG, which were reviewed and approved by the Board of Directors on **04/25, 2025**.



Liu Jiang
Party Secretary & Chairman
Sichuan Changhong Electric Co., Ltd.

About Sichuan Changhong

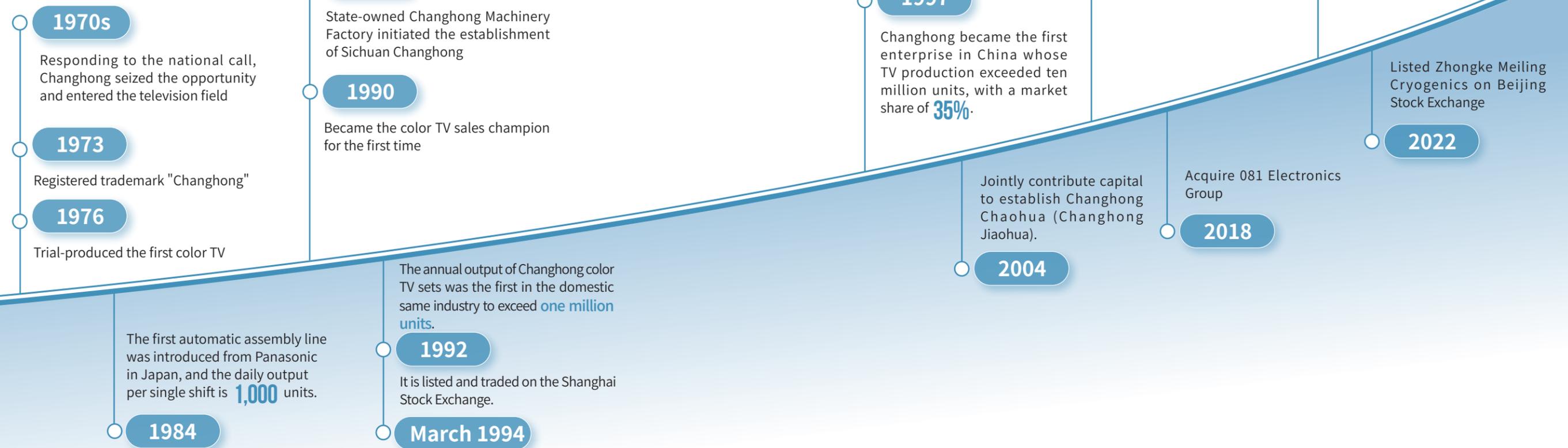
▶ Corporate Profile

Sichuan Changhong Electric Co., Ltd. was founded in 1958. In 1988, it was restructured from the State-owned Changhong Machinery Factory into a joint-stock company. It was officially listed on the Shanghai Stock Exchange in March 1994 (Sichuan Changhong, 600839.SH). It has four listed subsidiaries, including Changhong Meiling Co., Ltd. (000521.SZ), Changhong Huayi Compressor Co., Ltd (000404.SZ), Changhong Jiahua Holdings Limited (03991.HK), and Zhongke Meiling Cryogenics Co., Ltd. (835892.BJ), and one subsidiary listed on the innovative layer of NEEQ: Sichuan Changhong Minsheng Logistics Co., Ltd. (836237.NQ). After decades of development, from the initial establishment and the launch of the color TV business, to the current diversified expansion related to information and electronics, the Group has evolved into a global comprehensive technology enterprise group integrating businesses such as the R&D and manufacturing of smart home appliances, general equipment, and ICT comprehensive services.

In June 2024
in the "China's 500 Most Valuable Brands" list, with a brand value of **CNY 2,368.76 billion**
ranked **35** th

In December 2024
it was included in the "World's 500 Most Influential Brands" list by the World Brand Lab
ranking **283** th

▶ Development Journey

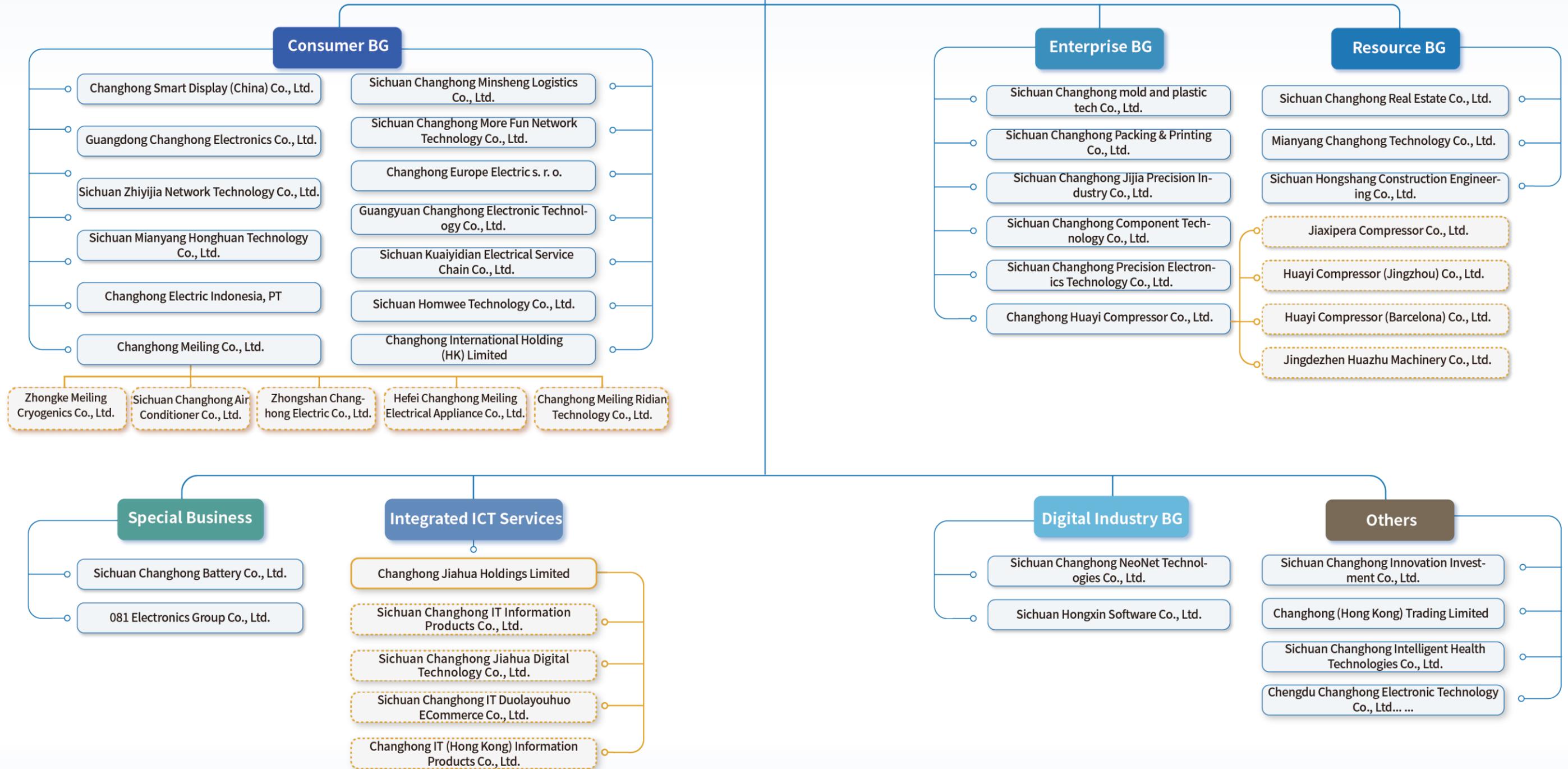


▶ Corporate Culture

The Group adheres to the concept of "Technology Creates a Better Life", and carries forward the enterprise spirit of "diligence, fearless, perseverance and pursuit of excellence." We remain firmly committed to our core value of "customer-centricity," honoring the principle of putting users first. We build a team of honest, pragmatic, dedicated and responsible staff who strive for new progress and grow with the Group. We also strengthen our brand power, technology power, industrial power, product power, service power and market power, and promote the upgrading of manufacturing industry, transformation of service industry and international development, thus developing into a technological innovation enterprise with global influence.

► Governance Structure

Sichuan Changhong Electric Co., Ltd.





Corporate Honors

- **National Industrial Design Center**(Ministry of Industry and Information Technology)
- **National Technological Innovation Demonstration Enterprise**(Ministry of Industry and Information Technology)
- **Nationally Accredited Enterprise Technology Center**(National Development and Reform Commission and other ministries)
- **Intelligent Manufacturing Pilot Demonstration Project** (Ministry of Industry and Information Technology)
- **“Key Technologies and Applications of Integrated Light Field Display”** awarded the **“National Technological Invention Award”** by the CPC Central Committee and the State Council
- Awarded the **“National May 1 Labor Medal,” “National Advanced Unit for Factory Affairs Openness and Democratic Management,” “National Model Unit for Factory Affairs Openness and Democratic Management,” “National Ankang Cup Advanced Unit,”** and **“Home of National Model Workers”**
- Named one of the **“Top 100 Electronic Information Enterprises in 2024”** by the China Federation of Electronics and Information Industry
- Named one of the **“Top 100 Manufacturing Enterprises in Sichuan”** by the Sichuan Enterprise Confederation and Sichuan Enterprise Directors Association
- Named one of the **“Top 100 Digital Economy Enterprises in Sichuan”** by the Sichuan Enterprise Confederation and Sichuan Enterprise Directors Association
- Ranked **96th** on CCTV's **“Top 100 ESG Pioneer Listed Companies in China”** list
- Ranked **45th** on the **“Top 100 ESG Pioneers of State-Owned Listed Companies”** list by the State-owned Assets Supervision and Administration Commission of the State Council
- Awarded the **“Global Product Technology Innovation Award – Extraordinary Audiovisual Experiences Gold Award”** by the Global Product Technology Innovation Award Organizing Committee
- Changhong's premium brand CHiQ received the **“Smart Home Appliance Brand Award”**
- Recognized as a **“2024 National Outstanding Public Procurement Case”** by the China Federation of Logistics and Purchasing Public Procurement Branch
- Won the **“AWE 2024 Best Product Award”** by the Appliance & Electronics World Expo (AWE) Organizing Committee
- The Yin Chaohui Master Skills Studio was approved as a **“National-Level Master Skills Studio”**
- Selected as a **“2024 Best Practice Case for Sustainable Development of Listed Companies”** by the China Association for Public Companies
- The Company's Board of Directors was recognized as a **“2024 Outstanding Practice Case for the Board of Directors of Public Companies in 2024”** by the China Association for Public Companies

Operating Performance in 2024



Year	Operating Revenue	YoY Change	Net Profit Attributable to Shareholders of the Listed Company	YoY Change
2022	CNY 92.482 billion	Decreased by 7.18%	CNY 0.468 billion	Increased by 64.39%
2023	CNY 97.456 billion	Increased by 5.38%	CNY 0.688 billion	Increased by 46.98%
2024	CNY 103.691 billion	Increased by 6.40%	CNY 0.704 billion	Increased by 2.30%

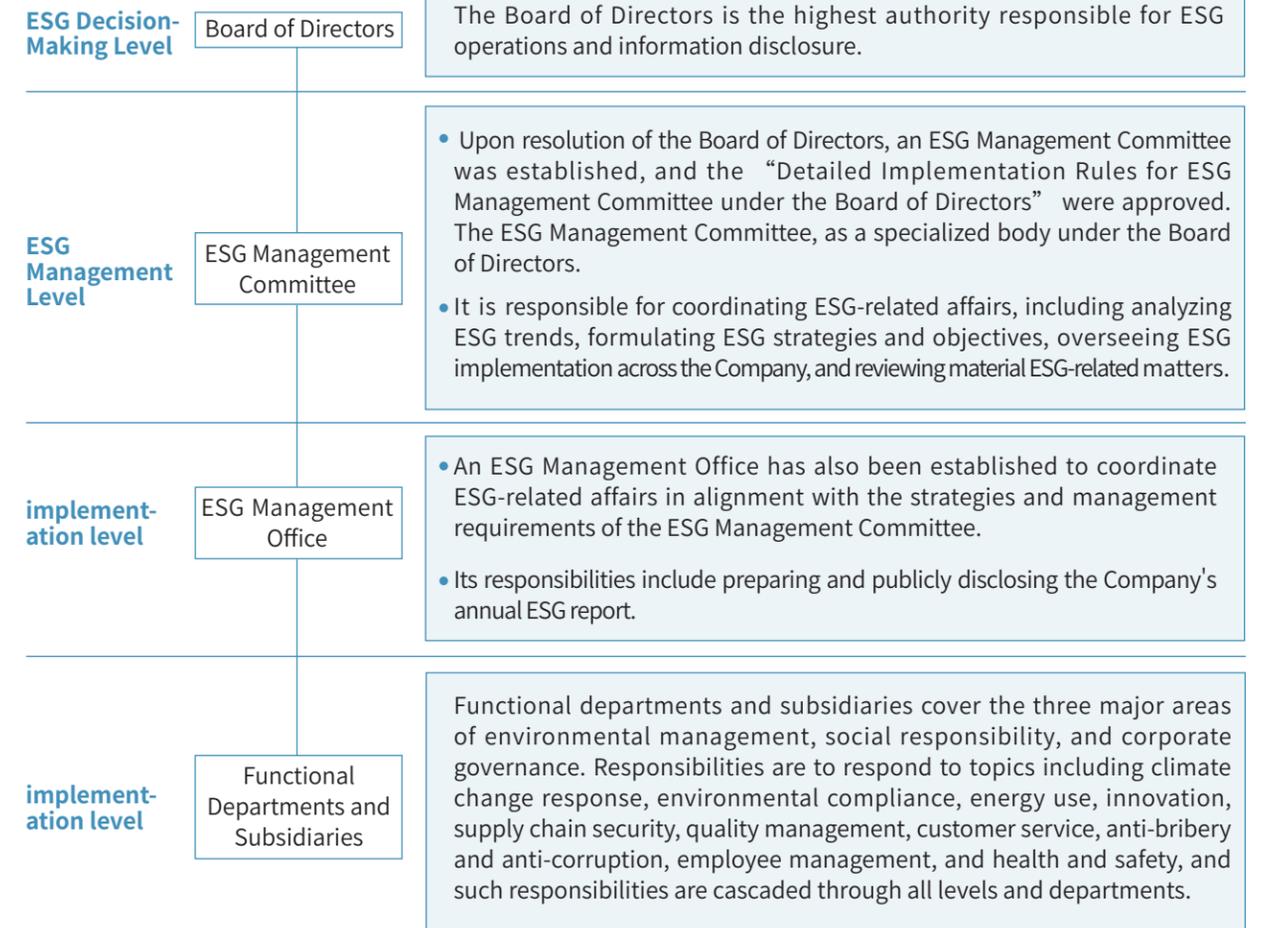
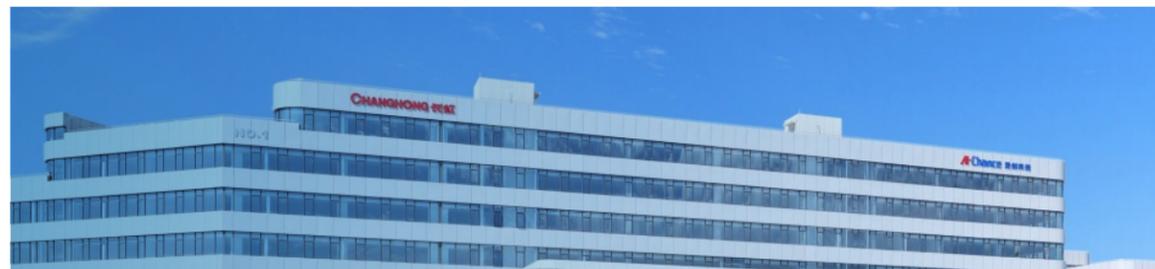
Corporate Sustainable Development Information

The Group is firmly committed to pursuing a path of high-quality, sustainable development. In active response to China's 14th Five-Year Plan and the strategic deployment requirement of “carbon peaking and carbon neutrality.” It has followed the path towards the comprehensive green transformation of economic and social development, with the synergized reduction of pollution and carbon emissions as a lever, and green, low-carbon, and efficient utilization of energy as the focus. It has adhered to scientific planning, gradual progress, innovation-driven strategies, and digital empowerment, building low-carbon industrial parks, fueling intelligent and digital transformation, and exploring pathways for green, low-carbon transformation at the park level, thereby laying a solid foundation for the Group's green future in intelligent manufacturing.

ESG Management System

In response to global sustainable development trends, the Company has systematically built an integrated ESG management system covering “strategy, governance, implementation, and disclosure”. Through top-level design, ESG principles are deeply embedded into corporate governance and the entire operational process. The Company has established an ESG management organizational structure and designated the Board of Directors as the highest authority responsible for ESG operations and information disclosure. Upon resolution of the Board of Directors, an ESG Management Committee was established, and the “Detailed Implementation Rules for ESG Management Committee under the Board of Directors” were approved. The ESG Management Committee, as a specialized body under the Board of Directors, is responsible for coordinating ESG-related affairs, including analyzing ESG trends, formulating ESG strategies and objectives, overseeing ESG implementation across the Company, and reviewing material ESG-related matters. An ESG Management Office has also been established to coordinate ESG-related affairs in alignment with the strategies and management requirements of the ESG Management Committee. Its responsibilities include preparing and publicly disclosing the Company's annual ESG report. Functional departments across the Company's platforms—covering environmental management, social responsibility, and corporate governance—have adopted a hierarchical responsibility system. Responsibilities are cascaded down through all departments and levels, supported by a cross-departmental coordination mechanism, forming a three-tier governance structure of “decision-making, management, and execution”.

The Company has established an ESG recognition mechanism. The ESG Management Office conducts annual evaluations based on the quality of reports submitted by units, implementation outcomes, indicator achievements, and responsiveness to key issues, selecting the best and excellent units of the year. In parallel, exemplary cases are identified based on national or industry-level honors and innovation achievements, and all awards are reviewed and approved by the ESG Management Committee. By setting models and promoting experience, the Company strengthens its incentive mechanisms, continuously enhances ESG competitiveness, and lays a solid management foundation for sustainable development.



Sustainable Development Strategy

Sichuan Changhong is firmly committed to pursuing a path of high-quality, sustainable development. The Company actively responds to China's strategic deployment requirement for “carbon peaking and carbon neutrality” and supports the United Nations Sustainable Development Goals (SDGs) through concrete actions. While pursuing economic benefits, the Company integrates sustainable development into its corporate strategy, daily operations, and management practices. It actively fulfills its environmental, social, and corporate governance responsibilities, promoting harmony between enterprise and society, with the goal of achieving long-term, high-quality sustainable development and becoming an industry-leading sustainable enterprise.

The Company has set clear sustainable development goals for 2030, striving to achieve internal carbon peaking before 2030 and aiming to reach carbon neutrality by 2049. While addressing global challenges, the Group continues to enhance its ESG performance, respond to stakeholder expectations, and effectively support the sustainable development of its business operations. Through outstanding ESG practices, the Company seeks to lead industry transformation and set a benchmark for environmental protection, social harmony, and corporate governance.

The Company has followed the path towards the comprehensive green transformation of economic and social development, with the synergized reduction of pollution and carbon emissions as a lever, and green, low-carbon, and efficient utilization of energy as the focus. It has adhered to scientific planning, gradual progress, innovation-driven strategies, and digital empowerment; it has built low-carbon industrial parks, aiming to achieve full rooftop photovoltaic coverage in these parks by 2030; it has fueled intelligent and digital transformation, and explored pathways for green and low-carbon transformation within industrial parks. These efforts aim at consolidating a green future development path for the Company's intelligent manufacturing.

Double Materiality Analysis

In accordance with the relevant requirements of the Shanghai Stock Exchange, the Company has carried out a material topic identification process.

► Topic Materiality Assessment Process

Sustainable Development Topic Materiality Assessment Process of Sichuan Changhong (2024)	
Step 1: Background Research and Business Analysis – Building the Sustainable Development Topic Library	By studying and analyzing the main Sustainable development reporting standards and guidelines at home and abroad, and aligning them with the Company's business structure, 27 potential material topics were identified and compiled into a preliminary topic library (see below).
Step 2: Topic Identification and Evaluation	2-1 Impact Materiality Assessment The ESG Management Committee and stakeholders jointly assessed each topic from the perspectives of potential impact and likelihood. More than 1,200 valid questionnaires were collected.
	2-2 Financial Materiality Assessment The ESG Management Committee evaluated the financial materiality of each topic based on the likelihood and potential impact of associated risks and opportunities. Multiple departments participated in the review and validation.
Step 3: Topic Materiality Matrix	Based on the evaluation data from Step 2, a 2024 materiality matrix was constructed to determine the materiality of topics for the current year.
Step 4: Topic Disclosure and Practice	Guided by the analysis results, the Company carried out targeted disclosures and practices.

► Sustainable Development Topic Library

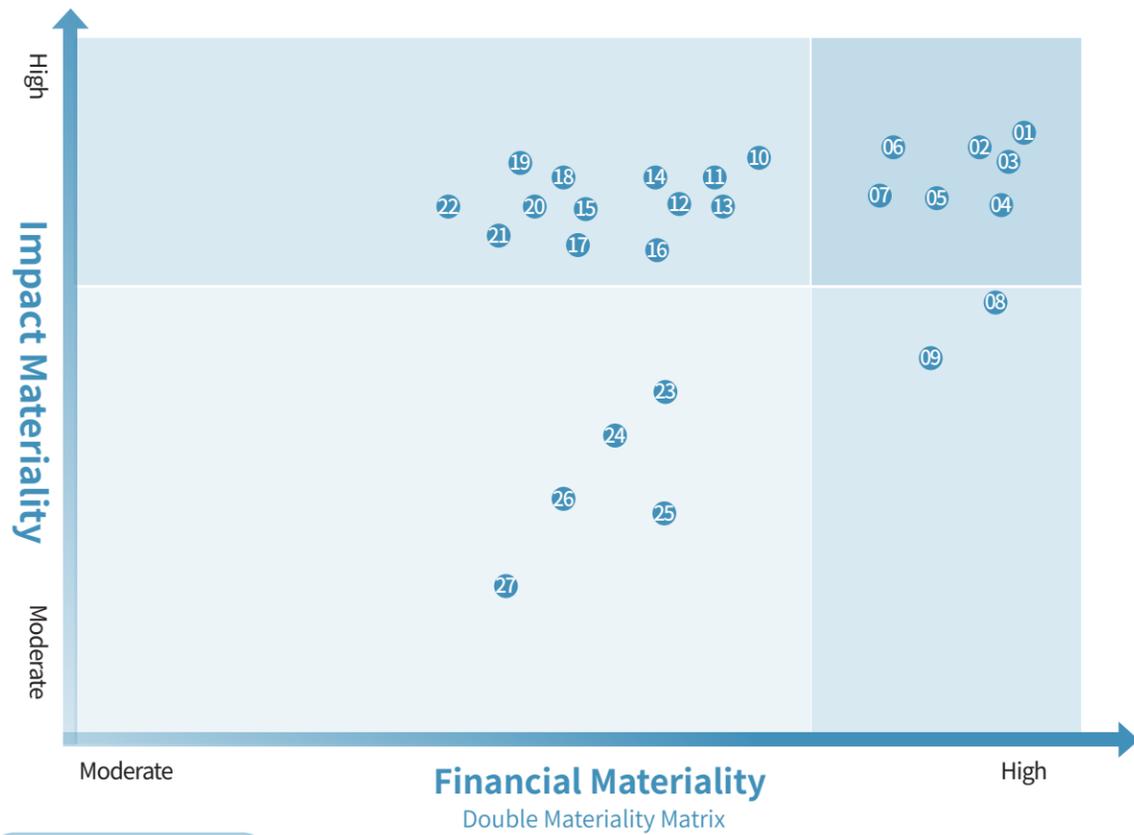
With reference to the “No.14 Guidelines for Self-regulation of Listed Companies of Shanghai Stock Exchange – Sustainable Development Report (Trial)”, and in consideration of the macro policy context of the regions where the Company operates, the characteristics of its industry, and its stage of development, the Company analyzed the relevant impacts, risks, and opportunities related to sustainable development and compiled sustainable development topic library as follows:

S/N	Topic	S/N	Topic	S/N	Topic
01	Product and Service Safety & Quality	12	Pollutant emissions	23	Internal Control and Comprehensive Risk Management
02	Employee	13	Waste disposal	24	Anti-Monopoly and Fair Competition
03	Anti-Commercial Bribery and Anti-Corruption	14	Tax management	25	Ecosystem and Biodiversity Protection
04	Innovation-Driven Development	15	Circular Economy and Recycling	26	Tech Ethics
05	Transparent Supply Chain	16	Equal Treatment of SMEs	27	Due diligence
06	Corporate Governance	17	Rural Revitalization		
07	Environmental Compliance Management	18	Social Contribution		
08	Response to Climate Change	19	Information Security		
09	Energy Utilization	20	User Privacy Protection		
10	Green production	21	Responsible Marketing and Communication		
11	Water Resource Utilization	22	Stakeholder communication		

► Results of Double Materiality Analysis

Sichuan Changhong, taking into account its industry and business operation characteristics, assessed whether each topic in the sustainable development topic library is expected to have a material impact in the short, medium, or long term on the Company's business model, business operations, development strategy, financial position, operating results, cash flow, financing methods, and costs (i.e., financial materiality), as well as whether the Company's performance on each topic may significantly affect the economy, society, or environment (i.e., impact materiality). Based on clearly defined financial and impact materiality assessment factors, the Company conducted stakeholder surveys and consulted internal and external ESG experts to evaluate the likelihood and severity of potential impacts for each sustainable development topic. This resulted in materiality scores for both financial and impact materiality, from which a double materiality matrix was constructed. There are 7 issues with a high level of financial significance and high impact significance, 2 issues with high financial significance but low impact significance, 13 issues with low financial significance but high impact significance, and 5 issues with a low level of both financial significance and impact significance.

Double Materiality Matrix



Topic Distribution

Topic	Topics with High Financial and Impact Materiality	Topics with High Financial but Low Impact Materiality	Topics with Low Financial but High Impact Materiality	Topics with Low Financial and Impact Materiality
Topic	Product and Service Safety & Quality	Response to Climate Change	Green production	Internal Control and Comprehensive Risk Management
	Employee	Energy Utilization	Water Resource Utilization	Anti-Monopoly and Fair Competition
	Anti-Commercial Bribery and Anti-Corruption		Pollutant emissions	Ecosystem and Biodiversity Protection
	Innovation-Driven Development		Waste disposal	Tech Ethics
	Transparent Supply Chain		Tax management	Due diligence
	Corporate Governance		Circular Economy and Recycling	
	Environmental Compliance Management		Equal Treatment of SMEs	
			Rural Revitalization	
			Social Contribution	
			Information Security	
			User Privacy Protection	
			Responsible Marketing Communication	
		Stakeholder communication		

Stakeholders Due Diligence Communication

The Group has attached great importance to the expectations and demands of all stakeholders, actively engaging in dialogue and cooperation with them. To facilitate effective communication with all parties, the Group has made ongoing efforts to develop diverse communication channels and methods, enhance the quality of information disclosure, and promptly respond to the demands of stakeholders.

Stakeholder	Demands and Expectations	Communication and Response
Government or Supervisory Authority	<ul style="list-style-type: none"> Compliance Operation Anti-corruption Tax Payment According to Law Policy Response 	<ul style="list-style-type: none"> Symposium On-site Interview and Investigation Work Report
Shareholder/Investor	<ul style="list-style-type: none"> Corporate Governance Return on Investment Risk Management Information Disclosure 	<ul style="list-style-type: none"> General Meeting of Shareholders Call and Meeting Investor Exchanges E-mail and Online Interactive Platform On-site Investigation
Employee	<ul style="list-style-type: none"> Protection of Employees' Rights and Interests Employee Health and Safety Employee Remuneration and Benefits Employee Training and Development 	<ul style="list-style-type: none"> Labor Union Occupational, Health and Safety Training Daily Interview Employee Satisfaction Survey Employee Symposium
Customer	<ul style="list-style-type: none"> Product Quality Assurance Customer Privacy Protection Customer Rights and Interests Protection Product Service Guarantee 	<ul style="list-style-type: none"> Customer Return Visits Social Media Platform Online Customer Service Hotline Customer Satisfaction Survey
Supplier	<ul style="list-style-type: none"> Transparent Procurement Win-win Cooperation Honest Cooperation Product Responsibility 	<ul style="list-style-type: none"> Exhibition On-site Investigation Official Website Real-time Communication Software
Industry Association or Partner	<ul style="list-style-type: none"> Technical Exchanges Industry Progress Scientific and Technological Development Product Responsibility 	<ul style="list-style-type: none"> Industry Activities Calls and e-mails
Media	<ul style="list-style-type: none"> Pollution Discharge Protection of Employees' Rights and Interests Product Responsibility Response to Climate Change 	<ul style="list-style-type: none"> On-site Interview Social Media Platform Press Conference
Public Welfare Organization or Community Organization	<ul style="list-style-type: none"> Social Participation Employment Promotion Public Welfare 	<ul style="list-style-type: none"> Regular Return Visits School-Enterprise Employment Cooperation Dedication to Public Welfare

2024 Sustainable Development Highlights

Governance Information

- The Company has held **2** general meetings, **18** board meetings and **7** supervisory board meetings.
- The Board of Directors consists of **9** directors, including **3** independent directors, accounting for **33.33%** of the total.
- Independent directors conducted on-site investigations at Changhong Huayi, Zhongshan Changhong, Jiangxi Meiling, Jiaxipera, and Chengdu home appliance stores, gaining in-depth understanding of the market sales, production, R & D, and operational management of the company and its subsidiaries.
- The Group adopted a **“three lines of defense”** model to enhance risk prevention and control. Using the **“three lists”** approach as the benchmark, it promoted in-depth integration of operations and compliance. A total of **112** internal policies were revised and improved and **6** new ones were issued across functional departments.

Environmental Information

- The Group continuously optimized its ISO 14001 Environmental Management System. **As the first enterprise in Mianyang to be certified under this system.** In the successive annual surveillance audits, certification authorities have conducted a comprehensive evaluation and confirmed the continued conformity and effectiveness of the system, resulting in the renewal of the certification.
- No major environmental incidents or violations occurred within the Group. All pollutant discharges complied with applicable regulatory standards, and no penalties were imposed by environmental regulatory authorities.
- **Sichuan Changhong Mold and Plastic Tech received the National Green Factory certification**, while Sichuan Hongrui Electric, Sichuan Changhong Precision Electronics Technology, Sichuan Changhong NeoNet Technologies, and Sichuan Changhong Battery were certified as Provincial Green Factories.
- Changhong Air Conditioner has been recognized as a **“Environmental Protection Integrity Enterprise in Sichuan Province”** for five consecutive years; Sichuan Changhong Jijia Precision Industry has received the same title for seven consecutive years.

Social Information

- Through collective wage bargaining, the Group ensured reasonable income growth for employees, with an average annual salary increase of **3.62%** in 2024.
- Over the year, the Group extended care and support to employees and retirees on **47,000** occasions and provided aid to **187** employees suffering from critical illnesses, work-related injuries, or hospitalizations. Additionally, more than **7,000** visits were made to model workers, craftsmen, and frontline staff representatives.
- A total of **4,225** employees in hazardous positions received occupational health examinations, with a **100%** coverage rate. Regular assessments of occupational disease hazards in workplaces were conducted, achieving a **100%** compliance rate.
- Throughout the year, **136** comprehensive emergency drills, **286** specialized drills, and 302 on-site response drills were conducted, involving a total of **51,295** participants.
- The Group paid a total of approximately **over 2.3 billion yuan** in taxes and fees to tax authorities in accordance with the law.
- The Group includes **12** subsidiaries certified as second-level and **5** as third-level in standardized safety production. Additionally, **20** subsidiaries are certified under the ISO 45001 System.

Governance Enhancement to Solidify the Underpinning for Development

“

Sichuan Changhong has optimized top-level governance design, clarified the responsibilities and powers of each governance entity, strengthened internal control and comprehensive risk management, established a robust defense system, and strictly complied with laws and regulations to foster a clean, fair, and just market environment. At the same time, the Company attaches great importance to investor relations management by building diversified communication channels to enhance investor trust. Moreover, the Company consistently adheres to transparent information disclosure, delivering corporate information to the market in a timely, accurate, and complete manner, thereby shaping an open and transparent corporate image.

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01



Respond to the United Nations Sustainable Development Goals (SDGs)

1--10-Year Objectives(2021-2030)

Achievement of objectives in 2024

Continuously improve the Company's governance system and standardize the Company's operations, ensuring that there are no significant governance deficiencies and no major violations of laws or regulations (based on the results of the annual external audit evaluation).

Completed. No significant governance deficiencies or major violations of laws or regulations occurred during the year.

Actively promote the high-quality development of the listed company, effectively safeguard the interests of the Company and all shareholders, enhance business performance, and reward shareholders through effective means such as cash dividends.

Completed. In the half-year of 2024, the Company distributed a cash dividend of **CNY 0.05** per share (inclusive of tax) to all shareholders, totaling **CNY 23,081.22** in cash dividends (inclusive of tax).

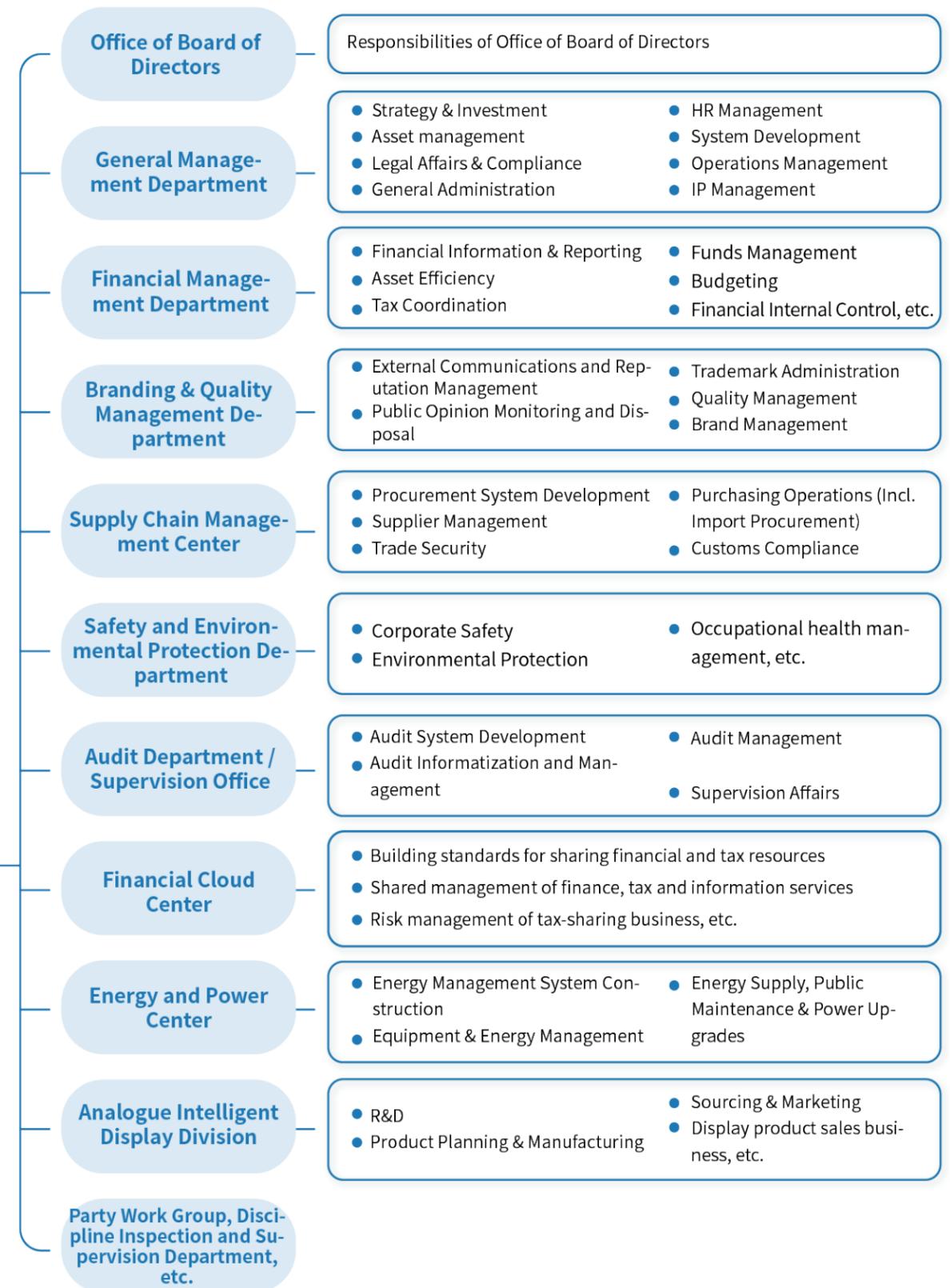
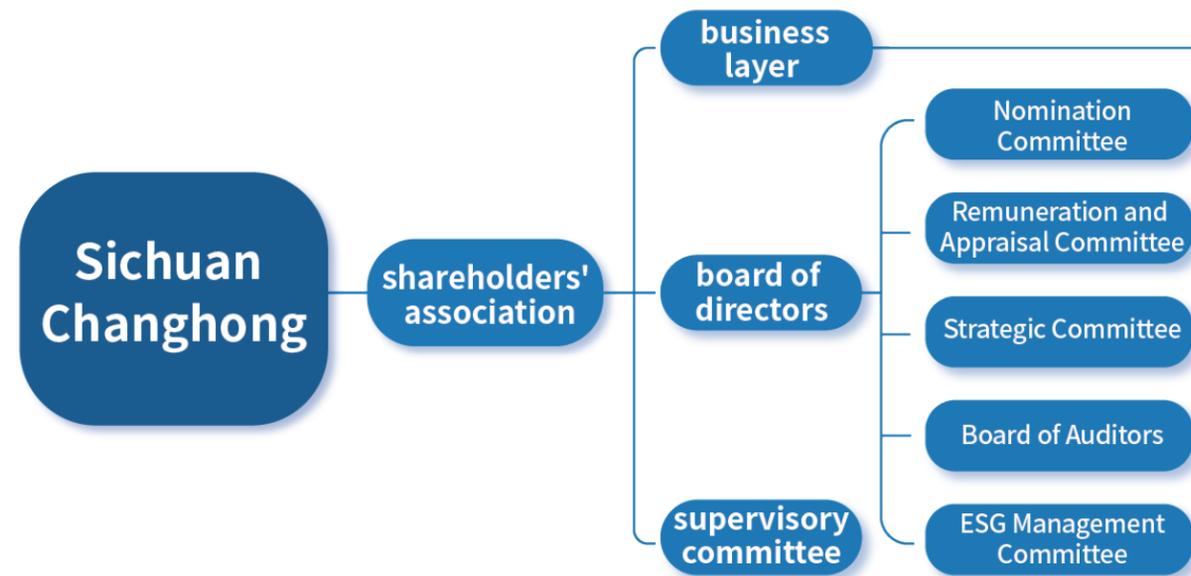


Improve the Corporate Governance Mechanism

The Company strictly operates in accordance with the “Company Law of the People's Republic of China”, the “Securities Law of the People's Republic of China”, the “Code of Corporate Governance for Listed Companies”, “Guidelines on the Articles of Association of Listed Companies”, “Rules Governing the Listing of Stocks on Shanghai Stock Exchange”, as well as other relevant laws, regulations, and regulatory requirements. A governance structure of "Three Committees and One Management Layer" consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Operation Management has been established. Through core management systems such as the Articles of Association, Internal Authorization Manual, and special rules of procedure, the responsibilities and boundaries at all levels are clearly defined, forming a mutually constrained operational mechanism for decision-making, execution, and supervision.

To strengthen the effectiveness of professional governance, the Board of Directors has established five special committees: the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the ESG Management Committee. Each specialized committee performs its respective duties to enhance both internal and external checks and balances. A dedicated meeting mechanism for independent directors has also been established to promote scientific and refined governance decision-making, safeguard the legitimate rights and interests of the Company, shareholders, and creditors, regulate the Company's organization and behavior, and form a compliant, efficient, and sustainable model of governance for a listed company.

General Meeting of Shareholders



▶ General Meeting of Shareholders

The General Meeting of Shareholders is the highest authority of the Company. The Company operates in strict accordance with laws and regulations, as well as relevant provisions and requirements of the “Articles of Association”, “Rules of Procedure for the General Meeting of Shareholders”, and other applicable systems. Proposals, procedures, and voting at the General Meeting of Shareholders are conducted strictly in accordance with relevant regulations. When reviewing proposals related to connected transactions, interested shareholders abstain from voting to ensure fairness and reasonableness of the connected transactions. After the meeting, resolutions of the General Meeting of Shareholders are disclosed in a timely manner.

During the reporting period, the Company held 2 general meetings of shareholders in total and reviewed 13 proposals. The convening and voting procedures of all the general meetings of shareholders of the Company were legal and valid, and the on-site meetings were witnessed by lawyers on site. In addition, the Company also provided shareholders with a safe, cost-effective, and convenient online voting method to shareholders to protect the legitimate rights and interests of minority investors.

Key Indicators	Unit	2022	2023	2024
Total number of meetings	Time	4	3	2
Extraordinary general meetings	Time	3	2	1
Proposals adopted through de-liberation	Item	21	20	13

▶ Board of Directors

The Board of Directors is responsible to the General Meeting of Shareholders, implements the resolutions of the General Meeting of Shareholders, and exercises the decision-making power on major matters of the Company. Members of the Board of Directors possess expertise across various fields including management, business, technology, and finance. Each special committee under the Board of Directors performs its respective duties and carries out work in accordance with relevant systems. Among them, the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee are all chaired by independent directors. Mr. Wang Xin, the convener of the Audit Committee, has a professional background in finance.

The Company's Board of Directors currently has 3 independent directors. In accordance with laws, regulations, and the Articles of Association, independent directors stay well-informed about the Company's operations, financial status, major projects, and topics of the Board of Directors on their daily work. They contribute their professional expertise and rich experience to support the functioning of the Board of Directors and the development of the Company's business, safeguarding the interests of the Company and all shareholders, with particular attention to protecting the legitimate rights and interests of minority shareholders. In 2024, independent directors conducted on-site investigations at Changhong Huayi, Zhongshan Changhong, Jiangxi Meiling, Jiaxipera, and Chengdu home appliance stores. They also held discussion and communication sessions with relevant responsible persons, gaining an in-depth understanding of the market sales, production, R & D, and operational management of the company and its subsidiaries. Each independent director spent more than 15 days on-site for work.

Diversity of the Board of Directors

Name	Gender	Type of Director	Age	Education Background
Liu Jiang	Male	Chairman	54	Master's degree
Heng Guoyu	Male	Director	56	Bachelor's degree
Yang Jin	Male	Vice chairman/General manager	46	Master's degree
Hou Zongtai	Male	Director	56	Bachelor's degree
Duan Enchuan	Male	Director	48	Bachelor's degree
He Long	Male	Director	39	Doctoral degree
Qu Qing	Male	Independent director	54	Doctoral degree
Wang Xin	Male	Independent director	41	Doctoral degree
Yan Jinjiang	Male	Independent director	50	Doctoral degree

During the reporting period, the Board of Directors held 18 meetings, reviewed 67 proposals, and convened 4 dedicated meetings for independent directors. All meetings were convened in strict accordance with relevant laws and regulations, and all resolutions were legal and valid.

Meetings of special committees under the Board of Directors were held as follows: the Audit Committee held 6 meetings, the Remuneration and Appraisal Committee held 3 meetings, the Strategy Committee held 1 meeting, and the ESG Management Committee held 3 meetings.

Key Indicators	Unit	2022	2023	2024
Board members	Person	9	9	9
Including: female directors	Person	1	1	0
Non-independent directors	Person	6	6	6
Independent director	Person	3	3	3
Board meetings	Time	22	19	18
Board resolutions adopted	Item	66	69	67
Average attendance	%	100	100	100

▶ Board of Supervisors

The Board of Supervisors, as the dedicated supervisory body of the Company, consists of 5 members, including 2 employee representatives, elected democratically by the Congress of Workers and Staff, and 3 shareholder representatives. The Board of Supervisors appoints 1 chairman. During the reporting period, the Board of Supervisors held 7 meetings and reviewed a total of 26 proposals.

Key Indicators	Unit	2022	2023 (December 31)	2024
Supervisory board members	Person	5	5	5
Including: female supervisors	Person	1	1 (3)	3
Supervisory board meetings	Time	21	14	7
Supervisory board resolutions adopted	Item	63	44	26
Average attendance	%	100	100	100

▶ Executive Remuneration

The Company has formulated and implemented remuneration-related regulations, including the Rules of Procedure for the “Remuneration and Appraisal Committee of the Board of Directors” and the “Executive Remuneration and Appraisal Management Plan”, which clarify the remuneration allocation plans and performance evaluation mechanisms for members of the executive management. These mechanisms fully leverage the incentive lever mechanism of remuneration distribution, motivating the enthusiasm and creativity of the executive management. The Remuneration and Appraisal Committee reviews executive remuneration based on clear decision-making criteria and procedures to ensure that remuneration decisions are transparent and fair.

The Company adopts a performance-oriented approach and sets remuneration levels with reference to the remuneration standards in the home appliance industry, reasonably determining each executive's annual income based on their job responsibilities and specific duties. The Company implements an annual salary system for senior executives, with performance evaluations conducted based on annual performance contracts. The Company encourages its senior executives to increase their total income through outstanding annual performance, which aligns with the Company's incremental performance growth. In accordance with regulatory requirements, the Company discloses overall remuneration information in its annual report to safeguard the public's right to know.



Internal Control and Comprehensive Risk Management

The Company comprehensively strengthens compliance management, reinforces internal control, and continuously enhances its risk response capabilities. It has established a modern enterprise management and control system that integrates compliance, risk control, and internal control. Through the implementation of the "three lines of defense" model, the Group continuously improves the execution of risk identification, assessment, and response, thereby raising the level of lawful and compliant operations.

Internal Control

The Company continues to deepen the construction of an internal control system oriented toward compliance governance and risk mitigation, improves internal control policies, standardizes their implementation, optimizes the internal control environment, and strengthens supervision and inspection of internal control. These efforts effectively prevent various risks and promote the Company's sustained, healthy, and stable development.

The Company conducts annual self-assessments of its internal control system and engages a third-party accounting firm to audit the effectiveness of internal control over financial reporting. In 2024, the Company identified no material or significant deficiencies in internal control over financial reporting, nor any material deficiencies in internal control over non-financial reporting. For details, please refer to the “2024 Internal Control Evaluation Report” and the “2024 Internal Control Audit Report” disclosed by the Company on April 26, 2025, on the official website of the Shanghai Stock Exchange.

Compliance and Risk Control

In 2024, the Company carried out a special campaign themed "Compliance Management Enhancement Year" and remained committed to integrating compliance and risk control management into its production and business activities. During this period, major risks were effectively controlled and addressed, and no major violations of laws or regulations occurred.

Focusing on enforcing accountability at all levels, the Company further improved the compliance and risk control organizational structure of the listed company.



In 2024, the Company established a Compliance and Risk Control Committee to further strengthen the compliance and risk control system. The effectiveness of the Chief Compliance Officer was enhanced, and all subsidiaries were required to appoint a Chief Compliance Officer. Each unit appointed compliance and risk control administrators, selected from personnel with strong compliance awareness and familiarity with operations, in order to extend the compliance structure to deeper levels and ensure thorough implementation. This ensured that the "institution, responsibilities, and personnel" are three in place.

In 2024

a total of **112** rules and regulations were revised and **6** new ones were issued by various functional departments of the Company.

Focusing on systematic review, the Company further improved its regulatory system.

A comprehensive set of internal regulations has been established across all areas of business management and is continuously revised and improved in response to changes in laws, regulations, and regulatory policies. In 2024, a total of 112 rules and regulations were revised and 6 new ones were issued by various functional departments of the Company. The Company strengthened management coverage based on professional domain regulations, accelerated the formulation of systems for previously uncovered areas, emerging industries, and new business models, and enhanced the establishment, modification, and abolition of regulations in line with actual business operations. For key areas and high-risk businesses, the Company further developed clear, specific, and effective business management systems and procedures by integrating corrective actions identified through disciplinary inspections, audits, and special rectification activities, thereby improving standardized and refined management capabilities.

Focusing on strengthening risk prevention, the Company further streamlined its operational mechanisms.

The Company continuously improved mechanisms for compliance review, risk screening, violation reporting, issue rectification, and evaluation reporting, thereby achieving closed-loop risk management. In 2024, the Company adopted a “three-list” approach to promote deep integration between business and compliance. Each unit regularly conducted risk screening and compiled a “Compliance Risk Identification List”; strengthened compliance control at key stages and compiled a “Key Process Control List”; reinforced compliance responsibilities in critical areas by compiling a “Key Position Compliance Responsibility List.” Through the aforesaid lists, the Company enhanced daily communication and coordination with regulatory bodies and listed company associations, strictly fulfilling its information disclosure obligations.



Focusing on targeted supervision, the Company further deepened oversight in key areas.

The Company reinforced a long-term mechanism of “rectification through case analysis.” Each unit faced issues directly, thoroughly analyzed root causes, drew inferences from individual cases, clarified responsibilities for rectification, and refined work tasks to effectively resolve problems and strengthen process control. The Company leveraged the synergy of its supervisory system to conduct in-depth, penetrating inspections in key areas such as “Three Major Matters and One Utilization,” bidding and procurement, asset management, information disclosure, and contract management. Problems identified or exposed during daily business operations were subject to supervised rectification.



 Legal Affairs Management

The Company has established a clearly tiered legal affairs management system that enables hierarchical, refined, and in-depth management of legal matters. The General Counsel of the Company oversees the management of legal affairs and fully participates in the deliberation of major decision-making matters. The Company has established a Legal Affairs Management Department, formed a professional team of in-house counsel, and made full use of external legal resources to provide comprehensive legal support for all business segments of the Company. The Company has developed a relatively complete legal affairs management system. Core policies such as the “Legal Affairs Management System”, and “Contract Management Measures” clearly define the responsibilities for managing legal affairs and the mechanisms for responding to legal risks, thereby safeguarding business operations.

The Company has comprehensively advanced the informatization of contract management by developing a professional contract management system that enables refined management throughout the entire contract lifecycle—from drafting and signing to execution and archiving—effectively reducing contract-related risks. The Company has incorporated the Articles of Association, core management systems, and major decision-making matters into the scope of legal review, and established a re-review mechanism for significant contracts of subsidiaries to further strengthen the defense line against contract risks. By conducting legal knowledge training and special inspections, the Company supports business units in promptly identifying and addressing legal issues in daily operations, thereby forming an interconnected, coordinated legal affairs management system.

Internal Audit

The Group has systematically improved its internal audit system by aligning with corporate governance, annual operating policies, and target tasks. In 2024, key policies such as the “Administrative Measures for Economic Responsibility Audit”, the “Administrative Measures for Audit of Comparative Procurement Pricing”, and the “Internal Audit System for Import and Export Business” were revised to clarify the boundaries of authority and responsibility in audit supervision. In addition, the “Internal Audit Rectification Management System” was implemented to establish a closed-loop mechanism of “issue identification – rectification implementation – effectiveness evaluation,” thereby enhancing governance effectiveness. At the strategic level, with a focus on “compliance + innovation,” the Group concentrates on its core responsibilities and business, supervises key areas such as compliance management and risk prevention and control, ensures the authenticity of financial information and the security of assets, and contributes to the modernization of governance capabilities.

Through multi-dimensional supervision and targeted measures, audit effectiveness has been fully translated into business value. During execution, comprehensive supervision is conducted across all dimensions, including corporate culture, professional ethics, and business processes. Violations are strictly investigated, reinforcing the deterrent effect of anti-corruption. In the areas of supply chain and project construction, targeted actions such as identifying problems in the procurement process and urging for rectification, tracking the process of comparing prices for procurement, reviewing and reducing the amount of engineering settlement have directly achieved cost reduction and efficiency improvement. In terms of target management, the baseline is set as full coverage of risk warnings to ensure that business operations are lawful and compliant, and that financial data is accurate and complete. At the same time, the closed-loop rectification process improves internal control efficiency and systematically resolves major operational risk hazards, supporting the effective implementation of the Company's high-quality development strategy.

The Group's internal audit department advanced informatization. During the reporting period, the Company integrated an intelligent risk early warning system with the Company's SAP and credit systems to enable real-time monitoring of procurement and sales data, thereby realizing comprehensive supervision over key business risks. In 2024, a total of 2,110 audit projects were completed, achieving full internal audit coverage. Additionally, 401 audit recommendations and 63 audit management proposals were provided.

In 2024

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Additionally, **401** audit recommendations and **63** audit management proposals were provided.



Anti-Commercial Bribery and Anti-Corruption

Sichuan Changhong strictly complies with the laws and regulations of all regions where it operates, both domestically and internationally. The Company has established a series of policies, including the “Implementation Measures for Accountability of Irregular Business Operations and Investments”, “Several Provisions on Integrity of Leaders at All Levels”, the “Measures for the Administration of Complaint Reporting”, and the “Guidelines for the Management System of Integrity Risk Prevention”. These provide detailed ethical standards and guiding principles for the Group's operations, both domestically and internationally. The Company explicitly requires adherence to the principles of integrity and fairness in all business transactions and firmly opposes any conduct that disrupts fair market competition.

Governance

The Group continuously improve its integrity risk prevention and control system, closely integrating integrity risk prevention and control with the improvement of corporate governance structures and the Company's enhancement of production and operational performance. A Discipline Inspection and Supervision Department has been established at the headquarters, and secondary control matrices have been set up across business platforms and clusters. A dual-layer governance structure of “headquarters-led control + business cluster coordination” has been implemented to effectively prevent incidents of commercial bribery and corruption.

Risks, Impacts and Opportunities

Risks/ Opportunities	Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risks	Property losses caused by commercial bribery and corruption	Revenue (decreased) Assets (decreased)	Short term Medium term	High	<ul style="list-style-type: none"> Strengthen the building of integrity risk prevention and control system, clarify the risk control responsibilities of each unit, and enhance integrity awareness and risk control capabilities. Carry out various forms of warning education and promote its normalization to create a strong psychological deterrent against violators of disciplines and laws. Enhance supervision over key areas such as project construction, bidding and tendering, and personnel selection. Maintain a high-pressure stance against misconduct and corruption, and strictly investigate commercial bribery and other corrupt acts.
	Unfair competition caused by commercial bribery	Revenue (decreased)	Short term Medium term	High	<ul style="list-style-type: none"> Improve bidding & tendering and procurement systems, strictly regulate relevant conduct, and enhance the integrity of commercial practices. Improve the supervision system, ensure accessible reporting channels, and expand the scope of supervision. And establish a blacklist system. Proactively establish an anti-bribery compliance system and strengthen compliance reviews throughout business processes.
	Decline in market share due to reputation damage	Revenue (long-term decrease) Assets (brand value depreciation)	Medium term Long term	High	<ul style="list-style-type: none"> Diversify routine supervision and public exposure of cases to effectively guide and reinforce positive narratives. Respond promptly to negative public opinion and actively restore brand image.

Opportunities	Enhance corporate image to attract premium clients and partners	Revenue (increased) Cash flow (improved)	Medium term Long term	High	<ul style="list-style-type: none"> Increase publicity of corporate integrity culture to showcase a positive corporate image. Strengthen routine supervision and special inspections to effectively prevent commercial bribery and corruption.
	Improve management efficiency and foster a clean political environment	Expenses (decreased) Assets (loss decreased)	Long term	Medium	<ul style="list-style-type: none"> Adhere to a problem-oriented approach, strictly enforce supervision and discipline, and reinforce accountability and risk awareness among leadership. Maintain simultaneous investigation and rectification of corruption with a high-pressure stance, strengthening integrity risk supervision in key areas and critical processes.

Note: 1. According to the Company's sustainable development strategy, the impact duration is divided into three categories: short term, medium term, and long term. Short term refers to the period within one year (inclusive) after the end of the reporting period; medium term refers to one to five years (inclusive) after the reporting period; and long term refers to more than five years after the reporting period.

2. The impact level is categorized into three levels: low, medium, and high. A "low impact level" refers to ① currently neutral with potential future impact, or ② currently or potentially having an adverse effect. A "medium impact level" refers to currently having an adverse effect with possible negative consequences in the future. A "high impact level" refers to ① currently having a negative effect with the likelihood of strong future adverse impact, or ② a high probability of strong adverse impact either now or in the future.

Management Measures

The Group, with reference to relevant government guidelines at all levels and industry best practices, formulated key anti-corruption work priorities aligned with the Company's annual objectives. The Responsibility Letter on Clean Governance was revised and signed by all departments and subsidiaries, continuously promoting the regular supervision of anti-corruption efforts in a more specific, targeted, and institutionalized manner.

The Group has identified significant corruption-related risks, focusing on key departments such as group control, business management, investment and mergers & acquisitions, financial management, procurement and sales management, project construction, fixed asset investment, risk management, and audit rectification. A risk prevention checklist for key positions in these departments has been established to implement effective corruption risk governance in these key positions.

The Group has launched targeted rectification efforts, focusing on five integrity-related actions. Notably, the special rectification of commission and intermediary fees in overseas projects achieved remarkable results. To enhance risk prevention, secondary units conducted comprehensive assessments of integrity risks at key positions, covering major departments and personnel. A dynamic assessment mechanism was established, under which quarterly evaluations were carried out for the secretaries of the discipline inspection commissions and discipline inspection officers of 25 directly affiliated Party organizations, thereby reinforcing supervisory responsibilities.

Multi-Dimensional Supervision Network

The Group has smoothed out its supervision network by setting up 97 reporting mailboxes and 51 reporting hotlines within the Group, thus unblocking the channels for supervision and reporting.

- the discipline inspection and supervision department has set up a reporting email address



【chjw@changhong.com】

- the discipline inspection and supervision department has set up a reporting hotline



【0816-2418450】

Full-Cycle Integrity Education

In 2024, the Group implemented full-coverage integrity education. Four integrity warning films were screened across the Group (including two internally produced), two integrity education conferences were held, and company executives participated in three additional education sessions organized by higher-level authorities. Layered and categorized integrity education was carried out, including integrity training for over 850 new employees, over 70 newly appointed cadres, and more than 200 staff in the procurement system. "Three Disclosure" integrity talks were introduced for newly appointed middle-level managers, and integrity-themed lectures were delivered at subsidiaries.

Strict Disciplinary Enforcement

In 2024

14 cases were filed, 16 individuals were disciplined, 31 individuals were subject to organizational action, and 29 received admonitory talks.

In cooperation with higher-level supervisory commissions, 4 individuals were investigated, and 7 were transferred to judicial authorities. These actions improved the quality and efficiency of supervision and formed a closed-loop management system of "investigation, rectification, and governance."

The Group will continue to monitor the latest domestic and international laws and policies related to anti-commercial bribery and anti-corruption, and will promptly adjust internal policies to align with leading international and domestic standards. Integrity education will be incorporated into regular training programs such as employee onboarding and promotions to ensure that employees at all stages of career development receive systematic instruction. Targeted integrity training will be provided for key positions such as procurement, sales, and finance. Risk points will be analyzed based on job characteristics and corresponding prevention measures will be formulated to enhance employees' risk awareness in key positions. The Company strives to prevent any incidents of commercial bribery or corruption that could significantly impact its operations in future years, thereby safeguarding the legitimate rights and interests of all stakeholders.

Anti-Monopoly and Fair Competition

The Group strictly complies with the “Anti-monopoly Law of the People's Republic of China”, the “Anti-Unfair Competition Law of the People's Republic of China”, and other relevant laws and regulations. A fair competition management system covering the entire business chain has been established. A fair human resources mechanism has been improved, and the “Guidelines for the Competition and Selection of Cadres” and the “Measures for the Administration of Recruitment” ensure that recruitment and appointment processes are open and transparent, eliminating identity-based discrimination. Transparent control over the supply chain has been implemented through systems such as the “Supplier Agreement Management Measures” and the “Procurement Contract and Order Management Standards”, which clarify the boundaries of rights and responsibilities between purchasers and suppliers. The Group maintains zero tolerance for violations. According to the “Supplier Blacklist Management Measures”, suppliers in breach of contract are subject to a three-year exclusion penalty. In 2024, a total of 69 suppliers were added to the blacklist.

In 2024, our company did not engage in any unfair competition, had no major internal control deficiencies, and did not encounter any major non-compliance situations.



Investor Relations Management and Shareholder Rights

Investor Relation Management

The Company attaches great importance to maintaining investor relations. In terms of governance structure, an Investor Relations Management Department has been established for investor relations management under the Office of the Board of Directors, led by the Secretary of the Board of Directors and assisted by the Securities Affairs Representative. Dedicated personnel are assigned to handle day-to-day investor relations matters. The Company has formulated and refined policies such as the “Management Measures for Investor Relations”, “Internal Reporting System for Major Information”, “Registration Management System for Insiders”, and “Investor Interaction Working System” to standardize processes including material information reporting and insider registration. Through the “Related-Party Transaction Management System”, the Company ensures fair pricing, compliance in approval procedures, and timely information disclosure, treating all investors equally.

The Company has established a three-dimensional communication network of “online communication + offline interaction + customized activities” to maintain close engagement with investors and potential investors, and to respond fully to their concerns. Therefore, it has established the in-depth interaction with investors.

In 2024

- The Company answered over **400** investor hotline calls
- Responded to **254** inquiries via the SSE e-interaction platform
- Achieving a **100%** response rate and ensuring prompt investor relations responses
- Over the year, the Company held three performance briefings and published five investor activity logs, thereby establishing deep interaction with investors.
- Senior executives participated in a total of **24** investor roadshow events and engaged with more than **253** professional investors and shareholders.



Shareholder Rights

In 2024, the Company successfully held two “Shareholder Appreciation and Feedback Events,” establishing a diversified shareholder return mechanism that enhanced investors' understanding and experience of the Company's products. On the occasion of its 30th anniversary of listing, the Company organized an appreciation campaign for over 400,000 shareholders under the principles of “genuine products, fair pricing, sincere attitude, and wholehearted service.” These events provided shareholders with exclusive, high-quality products and services, and were widely recognized by shareholders.

In September of this year, the company carried out the implementation work of the semi - annual rights and interests distribution in 2024, distributing a total cash dividend of **23,081.22** million yuan.

If the 2024 annual dividend plan is implemented

the Company will have achieved **eight consecutive years** of cash dividend distribution

with cumulative cash dividends totaling approximately **CNY 1172.53 million**

Based on the actual situation of its business development, the Company actively implemented a prudent profit distribution policy under the premise of ensuring normal operations and sustainable development, providing shareholders with stable and long-term returns and sharing development achievements with minority shareholders. In April 2024, the Company formulated and disclosed the "Sichuan Changhong Shareholder Return Plan", effectively protecting the legitimate rights and interests of public investors. In September of this year, the Company completed the implementation of the equity distribution for the half year of 2024, distributing a cash dividend of CNY 0.05 per share (tax inclusive) to all shareholders, totaling CNY 230,812,200 (tax inclusive).

Year	Amount of Cash Dividends per 10 Shares (Including tax, CNY)	Dividend Amount (Including tax, CNY)
2017	0.40	184,649,768.88
2018	0.12	55,394,930.66
2019	0.22	101,557,372.88
2020	0.10	46,162,442.22
2021	0.10	46,162,442.22
2022	0.20	92,324,884.44

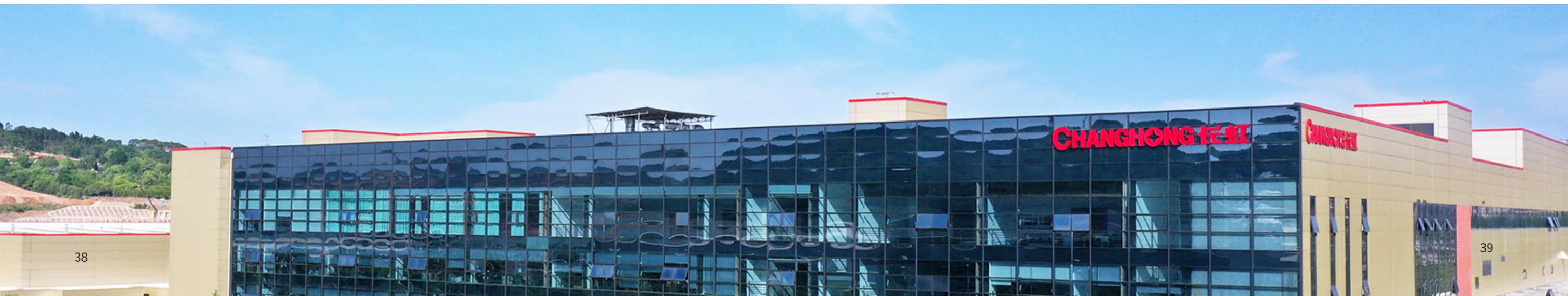
Year	Amount of Cash Dividends per 10 Shares (Including tax, CNY)	Dividend Amount (Including tax, CNY)
2023	0.40	184,649,768.88
2024 (half year)	0.50	230,812,211.10
2025 plan	0.50	230,812,211.10
Total		1172,526,032.38



Creditors' Equity



The Company has no bad credit record in bank credit, **no outstanding bonds in the bond market in 2024**, and no default in the bond market.



Information Disclosure Transparency

The Company strictly complies with relevant laws and regulations of the securities market and has established a sound information disclosure system, which is rigorously implemented. This includes policies such as the “Information Disclosure Management System”, the “Management System for Postponement and Exemption of Information Disclosure”, and the “Internal Reporting System for Major Information”. These systems ensure that all disclosures are timely, accurate, complete, and in full compliance with disclosure requirements for listed companies. Regarding financial disclosure, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises. Annual reports are issued by independent audit institutions to ensure the authenticity and reliability of financial reporting. For non-financial disclosures, the Company prepares its Sustainability Report (ESG) in accordance with the “No.14 Guidelines for Self-regulation of Listed Companies of Shanghai Stock Exchange — Sustainable Development Report (Trial) issued by Shanghai Stock Exchange”, thereby practicing the concept of sustainable development and standardizing related disclosures.



The Company continuously improves its internal information disclosure policies, actively fulfills all disclosure obligations, and strives to enhance the quality and transparency of its disclosures.

Optimize the compilation and disclosure methods of periodic reports, expanding in terms of framework, content, and format. Present the development of the company's main business and its operating conditions in a more concise, clear, and easily understandable way. In addition, the Company enhances the visibility and readability of its periodic reports through media coverage, analyst research, streaming video production, and official WeChat account posts, providing multi-dimensional interpretations of the reports. The Company fully discloses key information of interest to investors, including major operating results, profit distributions, related party transactions, external insurance, and risk alerts.

In 2024

the Company issued a total of **4** periodic report

76 ad hoc announcements.



A dedicated information disclosure management team under the Office of the Board of Directors is responsible for daily disclosure activities. All disclosed information undergoes multi-layer cross-verification by relevant departments including finance, legal, and compliance, as well as review by company leadership. All disclosure content strictly follows the Company's internal approval procedures to ensure accuracy, authenticity, and compliance. All disclosure documents are publicly released via the official website of the Shanghai Stock Exchange and other authorized information disclosure platforms to ensure openness and transparency.

In the current year, the Company disclosed **80** announcement texts (excluding the report summary) and **29** attachments, totaling **109** documents disclosed.

Indicators	Unit	2022	2023	2024
Disclosed announcements and attachments	Pcs	144	150	109

Empowering Green Development, Leading a Sustainable Future

02

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“Lucid waters and lush mountains are invaluable assets.” Sichuan Changhong deeply implements the concept of ecological civilization, firmly adhering to the path of ecological priority and green development, and regards environmental protection as the strategic cornerstone of its sustainable development. The Company adheres to a combination of source prevention, process control, and end-of-pipe treatment. It continuously optimizes its industrial and energy structures, strengthens the R&D and application of environmental protection technologies, improves resource utilization efficiency, and builds a green, low-carbon, circular production and operation system. These efforts aim to enhance environmental performance, reduce environmental risks, and contribute to building a Beautiful China.

”



Respond to the United Nations Sustainable Development Goals (SDGs)

1--10-Year Objectives(2021-2030)

Achievement of objectives in 2024

Based on 2021 as the baseline year, the Company aims to reduce energy consumption intensity (energy consumed per CNY10,000 of output value) , by 10% by 2030.

As of 2024, energy consumption intensity (energy consumed per CNY10,000 of output value) , decreased by 23.48% compared to 2021.

Based on 2021 as the baseline year, the Company aimed to reduce greenhouse gas emission intensity (Greenhouse gas emissions per CNY10,000 of output value) , by 10% by 2023.

As of 2024, greenhouse gas emission intensity (Greenhouse gas emissions per CNY10,000 of output value) , dropped by 27.1% compared to 2021.

During the 14th Five-Year Plan period, the Company set annual energy-saving targets for core products: by 2025, the unit comprehensive energy consumption of Changhong TV products shall be ≤ 4.491 tce/10,000 sets, and that of air conditioner products shall be ≤ 12.216 tce/10,000 standard sets. The energy cost per unit of Changhong Meiling refrigerators and washing machines decreased compared to the previous year.

The unit energy consumption of TV products was 3.965 tce/10,000 sets, and that of air conditioners was 11.259 tce/10,000 standard sets. The reduction in the energy cost per unit of Changhong Meiling refrigerators and washing machines has achieved the target.

Green Practices Throughout the Product Lifecycle

The Group collaborates with partners across the industrial chain to build a green ecosystem and systematically promote low-carbon transformation across the entire value chain, including raw material procurement, production and manufacturing, logistics and transportation, end-user consumption, and recycling. Through full-chain carbon reduction actions, such as environmental compliance management, green supply chain development, low-carbon production optimization, smart logistics upgrade, eco-friendly packaging iteration, and circular resource system building, the Group has upgraded carbon efficiency management across the full product lifecycle.



Environmental Compliance Management

Sichuan Changhong strictly abides by environmental protection laws and regulations, such as the “Environmental Protection Law of the People’s Republic of China”, the “Environmental Impact Assessment Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution” and the “Law of the People’s Republic of China on Prevention and Control of Atmospheric Pollution”. The Company has established a comprehensive environmental management system and implements scientific, standardized, and procedural management of its environmental affairs.

Governance

The Company has established and continuously improved its environmental protection and management system based on the ISO 14001 standard. The Company has formulated strict environmental management systems and performance targets, and continuously identifies, monitors, and manages environmental risks. The Company was the first enterprise in Mianyang to be certified under the ISO 14001 Environmental Management System.

The Company continuously optimizes its environmental governance structure. And has established a Safety and Environmental Protection Department, which is mainly responsible for environmental compliance management. At the executive level, a dedicated person is assigned to directly oversee the Safety and Environmental Protection Department, and all major matters related to safety and environmental protection are submitted to the executive management for decision-making. The head of the Safety and Environmental Protection Department regularly reports the performance of safety and environmental initiatives to the executive management and oversees implementation. Under the Safety and Environmental Protection Department, an environmental management team is set up for providing expert advice on environmental matters and promoting the implementation of the Company’s environmental policies.

Risks, Impacts and Opportunities

Risks/ Opportunities	Description of Risk/ Opportunity	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risks	Increased costs for purchasing and upgrading environmental protection equipment	Cost (increased)	Short term	Medium	<ul style="list-style-type: none"> Conduct comprehensive market research before procurement, comparing performance and price of different brands and models. Engage professional evaluators to assess expected lifespan and maintenance costs. Seek government subsidies for environmental equipment procurement.
	Increased consumption of environmental resources during operations	Cost (increased)	Short term	Low	<ul style="list-style-type: none"> Install energy monitoring devices for real-time tracking of energy consumption. Set resource consumption quotas and conduct departmental performance evaluations. Conduct R&D or adopt environmental protection technologies including energy and water saving to reduce consumption.
	Risk of penalties due to non-compliance	Expenditure (increased)	Short term Medium term Long term	High	<ul style="list-style-type: none"> Establish a multi-tier compliance review mechanism and conduct strict self-inspection on key nodes such as project approval, production, and product release. Partner with environmental experts for regular compliance assessments and guidance on the Company’s environmental protection initiatives.
Opportunities	High costs of green transformation for raw materials and energy	Cost (increased)	Short term	Medium	<ul style="list-style-type: none"> Collaborate with suppliers on R&D and procurement of green materials and energy. Participate in green procurement alliances organized by Industry associations and conduct centralized purchasing to reduce costs.
	Market expansion driven by enhanced environmental protection reputation	Revenue (increased)	Medium term Long term	Medium	<ul style="list-style-type: none"> Develop a comprehensive green branding plan using both online and offline channels to publicize the environmental protection concepts and achievements. Participate in domestic and international environment exhibitions to showcase green products and technologies

Risks/ Opportunities	Description of Risk/ Opportunity	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
	Increased added value green tech innovation	Revenue (increased) Asset (technology asset increased) Expenditure (R&D investment increased)	Medium term Long term	Medium	<ul style="list-style-type: none"> Establish a special fund for green tech R&D and encourage internal innovation. Carry out industry-university-research cooperation projects with universities and research institutes to accelerate the transformation of technological achievements.
Opportunities	Access to environmental subsidies and tax incentives	Revenue (subsidy increased) Expenditure (tax decreased)	Short term Medium term Long term	Medium	<ul style="list-style-type: none"> Appoint dedicated personnel to collect and manage information on government subsidy and tax incentive policies on environmental protection. Prepare application materials in accordance with policy requirements to ensure timely and accurate submissions.
	New business income through expansion of green industry chain cooperation	Revenue (increased)	Medium term Long term	Medium	<ul style="list-style-type: none"> Proactively engage with upstream and downstream partners to jointly develop green supply chain projects. Participate in green industry forums to identify potential collaboration opportunities.

Note: The definitions of impact duration and impact level in the environmental section of this report are as follows:

- According to the company's sustainable development strategy, the impact duration is divided into three categories: short term, medium term, and long term. Short term refers to the period within one year (inclusive) after the end of the reporting period; medium term refers to one to five years (inclusive) after the reporting period; and long term refers to more than five years after the reporting period.
- Impact level is categorized into three dimensions: low, medium, and high. A low impact level indicates no impact or potential impact in the short, medium, and long term. A medium impact level indicates potential impact in the short term, high cost of use in the medium term, and very high cost in the long term. A high impact level is defined as: ① possibly usable in the short term but at a high cost; scarce or extremely costly in the medium term; and unavailable in the long term; or ② entirely unusable, prohibitively expensive, or inaccessible even in the short term.

Management Measures

► Environmental Risk Management Mechanism

The Group places great emphasis on environmental risk management. In 2024, the Group revised the Environmental Risks and Opportunities Management Procedure to further improve the systems for identifying, assessing, controlling, and monitoring environmental risks and opportunities, ensuring the effective operation of the environmental management system and reducing environmental risks.

Environmental risk management process

Risk Identification

Each department analyzes macro-level and internal environmental factors, combined with stakeholder requirements, to identify respective risks and opportunities and complete the departmental Environmental Risks and Opportunities Identification and Evaluation Form. The Safety and Environmental Protection Department consolidates and analyzes such forms to establish the company-level Environmental Risks and Opportunities Identification and Evaluation Form.

Risk Assessment

Establish environmental risk and opportunity assessment criteria. Each department assesses significant risks and opportunities based on the established criteria and complete the departmental List of Major Environmental Risks and Opportunities. The Safety and Environmental Protection Department summarizes and analyzes such lists, and compiles and finalizes the company-level List of Major Environmental Risks and Opportunities.

Risk Control

Each department adopts appropriate response or mitigation measures—such as eliminating, avoiding, reducing, or accepting risks—for the material environmental risks and opportunities identified in the assessment. These actions aim to reduce or eliminate risks, capture opportunities, and improve overall environmental performance.

Risk Review and Monitoring

Each department must conduct at least one annual review of major environmental risks and opportunities to verify effectiveness. Conduct regular monitoring of environmental factors to promptly re-identify and reassess relevant risks and opportunities.



► Environmental Risk Management Measures

The Group has adopted scientific and effective risk response measures, and has rigorously implemented measures such as environmental monitoring and emergency response actions to ensure the efficient operation of environmental management.

Environmental Emergency Management

The Group strictly follows the “National Environmental Emergency Response Plan” and other relevant regulations to develop environmental emergency response mechanisms, including the “Emergency Response Plan and Emergency System Management System”, the “Hazard Identification and Management System, and the “Dual Reporting” System for Major Hazards”. A corporate-level “Compliance Obligation Checklist” is compiled, with the Safety and Environmental Protection Department conducting regular inspections and oversight on other departments. The Company conducts annual environment-specific drills and summary to strengthen its environmental safety defenses.

During the reporting period, the Group conducted 103 environmental emergency drills, involving a total of 4,057 participants.

Changhong Air Conditioner Responded to Emergency Fire Incident

In November 2024, Changhong Air Conditioner conducted a simulation of a fire outbreak in a factory's environmental equipment fan. Upon discovering the fire, on-site employees immediately reported the incident and carried out early-stage firefighting and environmental emergency response.



Changhong Air Conditioner Carried out the Environmental Emergency Drill

In December 2024, Changhong Air Conditioner simulated hot work near the perimeter fence of a tank area, which ignited surrounding vegetation. The Energy and Power Center and Changhong Air Conditioner jointly conducted drills based on the “Special Emergency Response Plan for Level III Major Hazard Sources Accidents in the R32 Storage Tank Area” and the “Special Emergency Response Plan for Hazardous Chemicals”.



Environmental Risk Monitoring

In accordance with the “Pollution Control Procedure”, “Solid Waste Management Procedure”, “Hazardous Chemical Management Procedure”, and pollutant discharge permit requirements, and in consideration of surrounding environmental conditions and actual emissions, the Company has formulated a comprehensive Environmental Monitoring Plan. In 2024, the Company achieved a 100% completion rate for environmental monitoring activities.

Sichuan Changhong Mold and Plastic Tech: At the beginning of each year, an environmental pollutant monitoring plan is developed, a third-party monitoring agency is commissioned for environmental pollutant monitoring. All test results confirmed that its pollutant discharges met regulatory standards. In 2024, self-monitoring completion and compliance rates both reached 100%.

Sichuan Changhong Jijia Precision Industry: The company formulated an annual environmental monitoring plan for pollutant emissions and compliance requirements, covering over 70 monitoring items. Throughout the year, more than 180 environmental tests were conducted by third-party monitoring agencies. Test results confirmed that all pollutants met discharge standards. In 2024, the self-monitoring completion rate and compliance rate both reached 100%.



Targets and Progress

Indicators	Targets for 2024	Progress During the Reporting Period
Environmental incidents	No major environmental incidents	Completed
Environmental compliance	All pollutant discharges from emission-generating units of the Group meet standards; no environmental violations	Completed
	No penalties imposed by environmental regulatory authorities due to environmental incidents	Completed

Response to Climate Change

Sichuan Changhong actively responds to China's "dual carbon" goals and has integrated response to climate change into its ESG strategy. The Company adheres to the principles of energy conservation, environmental protection, and green, low-carbon development. It continuously carries out energy-saving technological upgrades in office areas and actively promotes eco-friendly office practices to reduce resource waste and improve resource and energy utilization efficiency. The Company also encourages departments and operational sites at all levels to embrace the concept of green development by implementing measures such as waste classification and recycling, energy conservation, green commuting, and green dining, thereby advancing low-carbon operations.

Governance

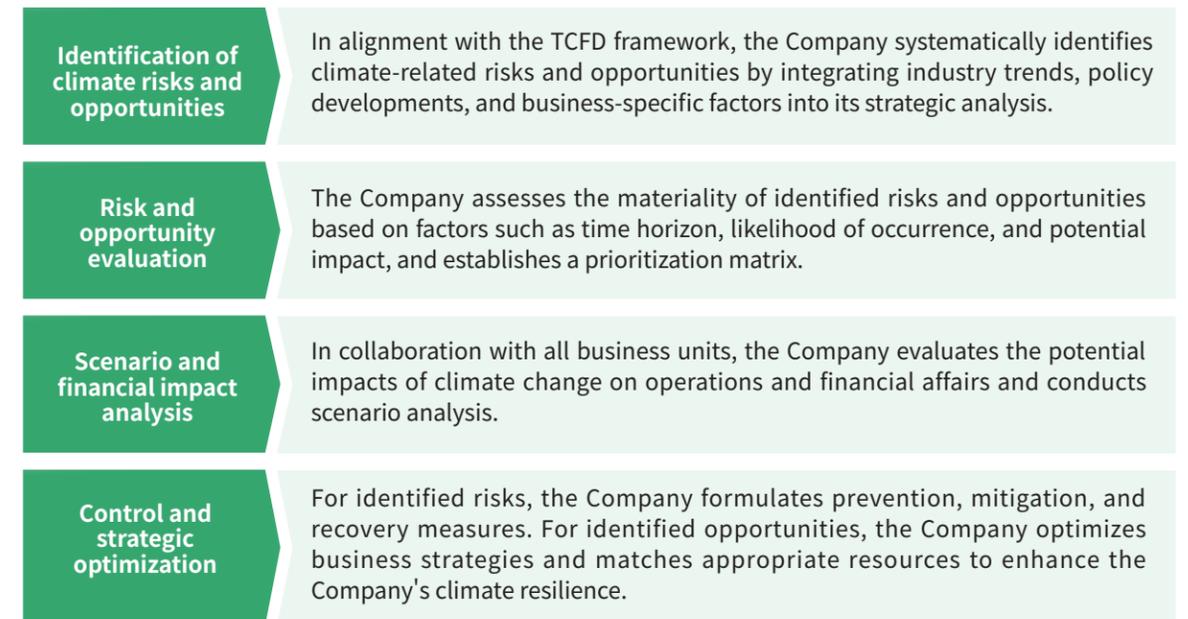
In 2024, the Company established a ESG governance system led by the Board of Directors, and incorporated climate-related risks and opportunities into the responsibilities of relevant departments, thereby promoting the formation of a company-wide basic climate governance system.



Risks, Impacts and Opportunities

Climate Risk and Opportunity Analysis Mechanism

Sichuan Changhong actively implements its climate change response strategy. By referencing the guidelines of the Shanghai Stock Exchange and the scenario analysis models of the IPCC, the Company assesses the impact of climate-related risks and opportunities on its operations, financial performance, and sustainable development, and continuously optimizes its climate risk management system.



Scenarios	Intergovernmental Panel on Climate Change (IPCC) Selection of Scenario Models	Scenario Application
Low-emission scenario: Low-emission scenario with strict climate policy intervention	Representative concentration pathway (RCP) – stringent path: RCP2.6 Shared socioeconomic pathway (SSP) – sustainable development path: SSP1	This scenario combines a sustainable socioeconomic context with low radiative forcing climate targets and is often described as a future path where "green transformation and climate action are closely aligned". In this scenario, transformation risks are relatively high, while physical risks are relatively low. This scenario is designed to align with the long-term targets of the Paris Agreement (limiting global temperature rise to below 2°C, with efforts to cap it at 1.5°C).
High-emission scenario: Business-as-usual high-emission scenario without climate policy intervention	Representative concentration pathway (RCP) – high-emission path: RCP8.5 Shared socioeconomic pathway (SSP) – high-emission path: SSP5	This scenario represents a high-emission future with greater development inequality and heavy reliance on fossil fuels. In this scenario, physical risks are significantly elevated while transformation risks are relatively low. No climate change response policies are introduced, leading to rising energy demand and sustained greenhouse gas emissions, resulting in continued global warming and increased frequency of extreme climate events.

► Climate Risk and Opportunity Analysis Results

Climate Change-Related Risks and Impacts (Climate Physical Risks)						
risks	Category	Opportunity Description, Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Sudden flood events	Acute risks	The Company's main production sites are located in Mianyang, Hefei, Jingdezhen, Zhongshan, and other regions, which are prone to river flooding and waterlogging during the rainy season. Such events may lead to inundation of factories and hazardous chemicals, resulting in property damage.	These risks may cause premature scrapping of existing assets, increased costs due to equipment and facility damage, potential factory shutdowns, and decreased production output, ultimately leading to revenue loss.	Short term	Low	<ul style="list-style-type: none"> Formulate the "Comprehensive Emergency Plan for Work Safety Accidents" and the "Response Plan for Natural Disaster Accidents", pay attention to the weather conditions at all times, organize employees of the Company to carry out preventive drills, and strengthen work safety investigation and early warning. To respond to flooding events, prepare flood control and emergency rescue materials, and ensure that firefighting and emergency rescue facilities are complete.
Sudden earthquake events	Acute risks	The company's headquarters is located in Mianyang City, in the northeastern part of Sichuan Province, China. It is at the intersection of the Longmenshan Seismic Zone and the Songpan - Pingwu Seismic Zone, near an area with relatively frequent seismic activities. Earthquakes may result in ruptures or leaks in energy pipelines and storage tanks, breakage of power cables, and secondary accidents such as fires, which could lead to production stoppages.	There is a risk of factory shutdowns, and decreased production output, ultimately leading to revenue loss.	Medium term	Medium	<ul style="list-style-type: none"> Utilize seismic early warning of the seismostation to plan production and logistics in advance, and optimize factory site selection accordingly. Ensure seismic-resistant structural design during factory construction. Develop earthquake evacuation route maps and conduct emergency drills. Store flammable, explosive, and hazardous materials in isolated and secure areas.
Prolonged heat-waves and droughts	Chronic risk	During the summer of 2024 (June to August), the average temperature in Sichuan Province was 1.2 to 1.5°C higher than the historical average (based on the 1991-2020 reference period), with four regional heatwave events recorded across the province. Prolonged heat and drought conditions led to power rationing, power outages, and water supply disruptions.	Power rationing, power outages, and water supply disruptions affected production activities. With the increasing frequency of extreme heat events, employee productivity will be significantly impacted, and their health and safety will be placed under serious threat. In response to the high temperatures, the Company increased expenditures on heat-related allowances, medical care, and other employee welfare benefits.	Long term	Low	<ul style="list-style-type: none"> Secure generator resources in advance, build the necessary technical capacity, and closely monitor weather forecasts to stay informed of extreme weather events. During power rationing or outages, promptly deploy rented generators to ensure the production of urgent orders. Install essential water storage facilities to stockpile water in advance and ensure production continuity during droughts. Equip emergency response supplies and enhance training and drills based on the "Special Emergency Plan for Natural Disasters of Changhong Air Conditioner". Reduce outdoor operations during extreme heat conditions. Stock up on heat-relief supplies and medications.

Climate Change-Related Risks and Impacts (Climate Transition Risks)						
risks	Category	Opportunity Description, Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Carbon emission requirements	Policy and legal risks	Products exported overseas by the Company may face relevant policy requirements and restrictions such as carbon tariffs and carbon footprint.	The continuous advancement of the EU carbon border adjustment mechanism and international emission reduction efforts have increased the operating costs of enterprises' overseas businesses; competitiveness in export markets has declined.	Long term	Medium	<ul style="list-style-type: none"> Closely monitor changes in international and domestic environments, as well as carbon-related laws, regulations, and policies. Timely calculate carbon emissions and evaluate compliance costs. Expand the scope of product carbon footprint certification, focus on relevant policy requirements of carbon tariffs, and timely evaluate export costs and adjust business plans.
Environmental standards	Policy and legal risks	To promote air pollution prevention and control, Sichuan Province has issued the enterprise environmental performance grading standards and implemented differentiated control measures based on the level of enterprise environmental performance.	If a company's rating is low, production involving waste gas processes will be restricted during heavy pollution weather warnings, and the transportation of materials by vehicles will also be restricted, affecting production and sales, leading to reduced revenue and increased transportation costs.	Long term	Medium	<ul style="list-style-type: none"> According to the grading criteria, actively promote the improvement of environmental performance, seize the opportunities of green development, and achieve a win-win situation between environmental protection and business development.
Cost of low-carbon technology research and development and transformation	Technology risks	The research and development of low-carbon technologies and the transformation there to require substantial investment of capital and time, which may increase the Company's operating costs and time costs.	With the rapid advancement of industrial technological innovation, intensifying competition, and increasing R&D investments, the introduction of new technologies may necessitate the phase-out of older equipment. This could lead to the premature scrapping of existing assets, failed investments in low-carbon technologies, as well as challenges such as technological immaturity and low market acceptance.	Long term	Medium	<ul style="list-style-type: none"> Share R&D costs and risks by jointly developing low-carbon technologies with partners. Closely monitor government policies and actively pursue relevant funding support and tax incentives to mitigate the cost of transformation.
Stakeholder concerns	Reputation risks	The Company's progress in green development has garnered significant external attention, with inclusion in multiple ESG indices for rating assessment. The performance in low-carbon initiatives is increasingly becoming a critical factor for investors when evaluating investment value. From a long-term perspective, inadequate performance in low-carbon initiatives may dampen client engagement and partnership momentum.	Heightened stakeholder focus on corporate ESG performance introduces material brand value risks, as failure to meet expectations could trigger market valuation erosion.	Long term	Medium	<ul style="list-style-type: none"> The Company is committed to enhancing ESG disclosure transparency to elevate sustainable development governance to new heights. The Company will proactively engage with ESG rating agencies, regulatory bodies, investors and potential investors to demonstrate its steadfast commitment to environmental, social and governance responsibilities.

Climate Change-Related Opportunities and Impacts (Climate Change Opportunities)

Opportunities	Category	Opportunity Description, Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Green, low-carbon, and energy-saving products	Products and services	The home appliance sector is experiencing a transformative wave of product innovation, fueled by rising environmental awareness among consumers. This shift is accelerating demand for energy-efficient green products that can reduce waste, lower costs and carbon emissions. While green product development requires upfront investment, the benefits brought in the long term far exceed the costs.	Innovation in technology and products drives the iteration of the Company's home appliance offerings, contributing to increased market share and enhancing the reputation of corporate social responsibility.	Medium term Long term	Medium	<ul style="list-style-type: none"> By actively implementing green and low-carbon initiatives, including developing clean energy, promoting low-carbon technologies, and adopting new energy equipment, the Company continues to increase its investment in green development through funding and resource allocation. Through measures such as resource recycling and regeneration, the Company has effectively enhanced the carbon efficiency of its products.
More climate-resilient and supply chain	Products and services	The Company has strengthened its resilience and climate-adaptive supply chain capabilities under extreme weather or disaster conditions, effectively mitigating the operational impacts of natural disasters.	Assessing suppliers' sustainable development performance and environmental impact drives the development of a sustainable supply chain and green logistics ecosystem. This approach not only strengthens partner collaboration but also enhances market share and revenue growth in the medium-to-long term. Concurrently, by optimizing resource efficiency, improving packaging utilization rates, and reducing energy/material costs, the Company achieves significant operational expenditure reductions.	Medium term Long term	Medium	<ul style="list-style-type: none"> Persist in building an intelligent low-carbon logistics park, and work together with upstream and downstream supply chain partners to achieve carbon reduction and decarbonization goals. Responds to natural disasters by establishing a climate early warning system and emergency plan, builds a climate-resilient system in collaboration with supply chain partners, launches green packaging and eco-friendly transportation services to meet consumer demand, and enhances the public awareness and preference for low-carbon logistics through publicity and education.
Shifting consumer preferences	Market	Amid the growing adoption of green and low-carbon concepts and evolving demands for green transformation, customers and the public are demonstrating sustained increases in demand for environmentally friendly products and services. This shift necessitates greater emphasis on environmental protection and sustainable development in the Company's future product planning, potentially catalyzing breakthroughs in new product categories.	Successful development of new product categories will enable the Company to establish new partnerships and strengthen existing collaborations, thereby expanding market share	Medium term Long term	Medium	<ul style="list-style-type: none"> Actively explore and apply new technologies and processes to improve resource efficiency and reduce energy costs. Identify and engage in emerging markets. Adapt to market demand, seize the consumption upgrade opportunity of the home appliance industry, and formulate marketing strategies.
Proper utilization of policy resources	Resource efficiency	When the new energy-saving and emission reduction policies are issued, enterprises that implement them are given additional incentives and reward support. The company can thus enjoy the policy benefits.	Compliance with energy conservation and emission reduction policies may qualify the Company for corresponding policy support and financial incentives.	Short term	Low	<ul style="list-style-type: none"> Identify and respond to government supportive policies and green projects.

► Management Measures

The Group continues to promote the transformation towards green and low-carbon development, formulates management systems and plans for greenhouse gas emissions, adopts clean energy production, uses high-efficiency equipment, promotes process improvements and energy-saving renovations, and actively implements the Company's ESG strategic goals and industry emission reduction requirements.

Promote the Use of Clean Energy

The Group actively expands its adoption of clean energy solutions by promoting the use of renewable energy sources, including solar photovoltaic and wind power. This strategic shift reduces reliance on traditional fossil fuels while enhancing energy utilization efficiency across production and operational processes.

Changhong Jiaxipera Compressor: In 2024, Jiaxipera invested approximately **CNY 3.08 million** to build a distributed photovoltaic power station on its factory rooftops. With an annual average power generation of **1,660,000 kWh**, the project achieves self-consumption with surplus electricity fed into the grid, and a carbon reduction of **1,168 tonnes** of CO₂ equivalent per year.

Guangdong Changhong Electronics: In cooperation with China Southern Power Grid Energy Efficiency and Clean Energy Co., Ltd., a photovoltaic power station was built in its industrial park. A total of **11,838,800 kWh** of electricity was generated in 2024, reducing CO₂ emissions by **7,573.33 tons** throughout the year. Among this, Guangdong Changhong Electronics purchased and used **5,122,900 kWh** of photovoltaic electricity, achieving a CO₂ reduction of **3,267.91 tons**. In addition, the company phased out old, high-energy-consuming air conditioners and replaced **33** units with energy-efficient models, further reducing energy waste.

Changhong Huayi Compressor: The company continues to increase the utilization of renewable energy. In 2024, the company consumed a total of **6,753,600 kWh** of renewable energy, about **4.57** percent of total electricity use, which is equivalent to reducing **3,917 tons** of CO₂ emissions.

Low-carbon Technology Innovation and Process Improvement

The Group enhances the energy efficiency in the production process through technological innovation and process optimization, reduces greenhouse gas emissions, and promotes the development of green products to minimize the carbon footprint throughout the product life cycle.

Changhong Meiling: In 2024, Changhong Meiling proposed **98** carbon reduction projects, covering key areas such as manufacturing, product design, supply chain, and office operations. As of now, **87** projects have been implemented, including **41** projects in the manufacturing sector focused on technological upgrades, process optimization, and efficient resource utilization, effectively reducing carbon emission intensity and supporting the company's green transformation.

Changhong Air Conditioner: Since 2019, Changhong Air Conditioner has fully adopted eco-friendly R32 refrigerant, replacing traditional HCFCs, significantly reducing the Global Warming Potential (GWP) of its products. In 2024, the company completed the upgrading of vacuum degreasing furnaces, reducing natural gas consumption and lowering CO₂ emissions, while recovering volatile oils to achieve efficient resource recycling. Throughout the year, greenhouse gas emission intensity decreased by **15.38%** year-on-year, with a total CO₂ reduction of **2,583.05 tons**.

Explore the Market-Based Green Electricity Trading

The Company actively participates in market-based green electricity trading and environmental rights transactions to drive low-carbon transformation. By procuring green power, renewable energy certificates (RECs), and engaging in carbon market trading, the Company not only advances its decarbonization efforts but also promotes sustainable practices across the entire industrial chain.

Changhong Meiling: In the reporting period, Changhong Meiling actively explored market-based green electricity transactions, purchasing aluminium power and obtaining 20,000+ green power certificates and consumed 38,921,200 kWh of green electricity to reduce carbon emissions through market mechanisms.



Example of Green Power Certificate Transaction Voucher

Changhong Air Conditioner: In response to the national electricity policy, Changhong Air Conditioner actively participates in direct electricity procurement, with a proportion of 55% of hydropower transactions in 2024, reducing corporate electricity carbon emissions.

Objectives and Progress

Indicators	Objectives	Progress in Reporting Period	Achievement Rate
Greenhouse gas emission intensity	Taking 2021 as the base year, the Company aims to reduce the greenhouse gas emission intensity (greenhouse gas emissions per CNY 10,000 of output value) by 10% by 2030	Decreased by 27.1% compared to the base year	Achieved ahead of schedule
Energy consumption intensity	Taking 2021 as the base year, the Company aims to reduce the energy consumption intensity (energy consumption per CNY 10,000 of output value) by 10% overall by 2030.	Decreased by 23.48% compared to the base year	Achieved ahead of schedule

Objectives and Progress

Indicators	Objectives	Progress in Reporting Period	Achievement Rate
Energy consumption intensity	By 2025, the comprehensive energy consumption per unit of Changhong TV products ≤ 4.491 tce/10,000 sets, and that of Changhong air conditioning products ≤ 12.216t tce/10,000 standard sets	The comprehensive energy consumption per unit of TV products is 3.965 tce/10,000 sets, and that of air conditioning products is 11.259 tce/10,000 standard sets	Achieved ahead of schedule

Greenhouse Gas Emission Data for the Past Three Years

Indicators	Unit	2022	2023	2024
Direct greenhouse gas emissions	tCO ₂ e	33,292.22	33,649.31	43,190.73
Indirect greenhouse gas emissions from purchased energy	tCO ₂ e	175,064.44	201,351.39	216,907.31
Total emission	tCO ₂ e	208,356.66	235,000.70	260,098.03
Greenhouse gas emission intensity	t/CNY 10,000 of output value	43.77	43.21	39.77

Note: 1. The Group has continuously expanded its statistical scope. The 2024 greenhouse gas emissions disclosure covers production facilities for TVs, refrigerators (freezers), air conditioners, washing machines, kitchen appliances, small household appliances, general equipment, and intermediate products, including over 10 domestic manufacturing bases such as Mianyang, Zhongshan, Hefei, Jiaxing, Jingdezhen, and Jingzhou, achieving full coverage of domestic production bases. The 2022 data statistical scope refers to the "Sichuan Changhong ESG Report 2022", while the 2023 data statistical scope refers to the "Sichuan Changhong ESG Report 2023".

2. Enterprises within Sichuan Province conduct calculations in accordance with the "Carbon Emission Accounting Methodology" (Attachments 2-3) specified in the "Sichuan Province Near-Zero Carbon Emission Park Pilot Construction Work Plan" issued by the Sichuan Provincial Department of Ecology and Environment and the Department of Economy and Information Technology on April 24, 2022 (Notice on Carrying out Near-Zero Carbon Emission Park Pilot Work). Enterprises in Guangdong Province, Anhui Province, and Jiangxi Province conduct calculations according to local emission accounting requirements.

3. Direct greenhouse gases refer to emissions generated directly from the Company's consumption of natural gas, diesel, gasoline, etc.; indirect greenhouse gases from purchased energy refer to emissions resulting from the Company's consumption of purchased electricity and purchased steam.

4. Due to limitations in statistical methods, the data does not include greenhouse gas emissions from employee commuting, leased assets, and raw materials.

Green Supply Chain

Sichuan Changhong advances green supply chain development to reduce pollution and promote circular economy, achieving efficient resource utilization; optimizes supply chain structure to enhance operational efficiency and reduce costs; drives process technology upgrades to inject momentum for sustainable corporate development.

Green access

In the introduction of suppliers, the Environmental Impact Assessment and environmental management system certification of production sites are taken as qualification requirements, Evaluation extends beyond economic and quality standards to include environmental compliance and social responsibility performance. The Company enters into access agreements with qualified suppliers, requiring that purchased materials comply with environmental protection requirements and are accompanied by environmental protection test reports (e.g., RoHS, REACH) upon delivery. Regular inspections are conducted by quality personnel. The procurement contract clearly stipulates that suppliers must comply with environmental protection laws and regulations, maintain zero major environmental accidents, and meet the standards for the discharge of industrial waste (wastewater, exhaust, solid waste, noise), thereby strengthening their environmental protection responsibilities.

Green procurement

The Company utilizes an intelligent supply chain platform for digital contract management with suppliers, prioritizing the purchase of raw materials and services that meet environmental standards. This initiative reduces the use of hazardous substances and promotes circular economy practices.

Green materials

Materials are selected in compliance with the RoHS directive and the EU REACH regulations. For manufacturing process materials, the Company increasingly adopts paint-free molding technology for plastic components, and replaces ink printing processes with micro-structured thermal embossing for optical light guide plates, reducing ink pollution. Regarding packaging materials, the Company uses new air column bags instead of white foam for improving recyclability, and applies minimalist packaging design to reduce the consumption of EPS/EEPE/cardboard.

Green Production

Energy Utilization

Sichuan Changhong consistently adheres to the principle of "safe, rational, economical, and environmentally responsible energy use", strictly implements national energy laws, regulations, and standards, and strengthens foundational energy management. It actively tests and promotes new energy-saving and environmentally friendly processes, technologies, methods, and products, drives equipment upgrades in compliance with national requirements, and continuously implements process energy-saving projects. These efforts have achieved significant results in energy conservation, cost reduction, improved economic efficiency, and environmental protection.

► Governance

The Company has established an energy conservation and emissions reduction promotion team. Under its guidance, the three-tier management organizational system comprising "company, energy management departments, and work teams" has been further improved. Management systems such as the "Energy Management Measures" and "Energy Management Assessment Methods" have been formulated. Additional technical and managerial personnel have been assigned to expand the scope of supervision and inspection, while strengthening on-site energy supervision and energy-saving technology exchange across all units.

► Risks, Impacts and Opportunities

Energy Management-Related Risks and Impacts						
Risks	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Energy and resource efficiency regulatory requirements	Policy and legal risks	With increasingly stringent national requirements on energy, energy efficiency, and material efficiency across industries, meeting energy consumption-related regulatory standards poses greater challenges to the Company's production equipment and technologies.	This may require the Company to invest additional capital and technology to comply with the new energy efficiency standards, thereby increasing both compliance costs and operational expenses.	Long term	Medium	<ul style="list-style-type: none"> Closely monitor changes in international and domestic environmental and energy-related laws, regulations, and policies. Gradually adopt clean energy. Reduce carbon emissions from the source, continuously carry out energy management work, and promote energy-saving technological transformation.

Energy Management-Related Risks and Impacts

Risks	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Consumer preferences	Market risks	As consumers' environmental consciousness increases, demand for green and smart home appliances continues to intensify. The home appliance market is experiencing accelerated product renewal cycles, with users showing a clear preference for eco-friendly and low-carbon products. This trend necessitates greater emphasis on environmentally sustainable development in product design.	Continuous innovation in products and technological advancements increases production costs. At the same time, increasing consumer awareness and preference for environmentally friendly products leads to increased promotional costs.	Long term	Medium	<ul style="list-style-type: none"> Provide green production, green packaging, etc., to meet consumers' environmental protection needs. Actively explore and apply new technologies and processes to improve resource efficiency and reduce energy costs. Identify and engage in emerging markets. Adapt to market demand, seize the consumption upgrade opportunity of the home appliance industry, and formulate marketing strategies.

Energy Management-Related Opportunities and Impacts

Opportunities	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Green, low-carbon, and energy-saving products	Products and services	The home appliance sector is experiencing a transformative wave of product innovation, fueled by rising environmental awareness among consumers. This shift is accelerating demand for energy-efficient green products that can reduce waste, lower costs and carbon emissions. While green product development requires upfront investment, the benefits brought in the long term far exceed the costs.	Innovation in technology and products drives the iteration of the Company's home appliance offerings, contributing to increased market share and enhancing the reputation of corporate social responsibility.	Medium term Long term	Medium	<ul style="list-style-type: none"> By actively implementing green and low-carbon initiatives, including developing clean energy, promoting low-carbon technologies, and adopting new energy equipment, the Company continues to increase its investment in green development through funding and resource allocation. Through measures such as resource recycling and regeneration, the Company has effectively enhanced the carbon efficiency and low-energy consumption performance of its products.

▶ Management Measures

Sichuan Changhong adheres to the green and low-carbon development concept, continuously optimizes the energy management system, and enhances the efficiency of energy use. By means of refined management, technical transformation, and energy inspection, the Company continues to promote energy conservation and consumption reduction.

The main energy sources involved in the production and operation of the Group include purchased electricity, natural gas, and heat (steam). Corresponding energy management measures have been formulated for different industries.

Energy Management System Construction

The Group has established and continuously improved its energy management system, breaking down the annual energy-saving targets to each energy-consuming unit; it carries out certification work for the energy management system, regularly revises the system documents, and conducts inspections and rectifications by the energy administration department.



Energy Inspection

The Group has established a three-level energy inspection system of "work teams - energy management department - company", which conducts regular energy patrol inspections and random checks to strengthen on-site energy management and eliminate energy waste. The Energy Power Operation Center organizes professional inspections every month, strictly checking energy management records as well as the on-site usage of water, electricity, gas, etc. A total of 48 energy on-site inspections were carried out in 2024, identifying and rectifying 17 instances of energy issues related to "running, overflowing, dripping, and leaking" in 12 units and 16 energy usage risks in 28 units. The Company rewarded units with outstanding energy-saving results and energy conservation awareness.

Energy Measurement and Monitoring

The Company deploys integrated information systems for water, electricity, and gas measurement, installs metering devices at all energy consumption nodes, and establishes remote meter reading and real-time monitoring systems to promptly detect abnormal energy consumption. It implements three-tier metering management for high-energy-consumption equipment, develops energy conservation incentive/penalty mechanisms, and executes daily supervision and performance evaluation protocols.

Sichuan Changhong Packing & Printing: Install 46 sets of secondary energy metering devices at each energy consumption node, and establish remote meter reading and real-time monitoring systems to achieve precise energy consumption management.

Energy Equipment Upgrading and Transformation

The Company adopts high-efficiency equipment such as LED fixtures, installs variable frequency drives on high-power production equipment motors, deploys closed-loop waste steam recovery systems for boiler operations, and phases out high-energy-consumption, low-efficiency devices to promote the iteration and upgrading of old equipment.



Sichuan Changhong Component Technology: Optimize baking equipment to reduce baking time, saving CNY 24,000 in electricity costs annually; add manual air valves in the baking and soaking process, achieving power feedback and reducing electricity consumption by 30% in the process, saving CNY 50,000 in electricity costs annually.

Sichuan Changhong Jijia Precision Industry: Optimize product mix, renovate or eliminate outdated production equipment, improve the efficiency of sheet metal painting lines, and promote the iterative upgrade of old forklifts. In 2024, the energy consumption per CNY 10,000 of output value decreased by 5% year-on-year, and the energy-saving target completion rate in key production areas reached 100%.

Sichuan Changhong Mold and Plastic Tech: Actively promote energy-saving technology transformation. Replace 30 outdated injection molding machines with high-efficiency, servo-driven energy-saving models, and upgrade 41 machines by converting hydraulic material storage motors to electric ones, significantly reducing energy consumption.

Sichuan Changhong Packing & Printing: Adopt variable frequency drives for all production motors above 4kW, and upgrade all air compressors to frequency conversion screw models, effectively reducing energy consumption.

Energy Conservation Publicity, Education and Training

The Company improves employees' awareness of energy conservation, and advocates the use of energy-saving among all employees by organizing energy-saving publicity week activities, conducting energy-saving training, and formulating special energy-saving measures during high-temperature periods. It establishes a part-time energy administrator team to continuously promote on-site inspection with reward and punishment mechanisms.

Sichuan Changhong Battery: By organizing energy-saving training, formulating special energy-saving measures during high-temperature periods, and conducting routine inspections, the company reduced energy costs in 2024 by 11.53% compared to the previous year.



Objectives and Progress

Unit	Products	2021 Energy Conservation Target Completion Status	2024 Energy Conservation Target	2024 Energy Conservation Target Completion Status	Completion Rate (%)
Smart display	Television	Comprehensive energy consumption per unit of 4.583 tce/10,000 sets	Comprehensive energy consumption per unit < 4.514 tce/10,000 sets	Comprehensive energy consumption per unit of 3.965 tce/10,000 sets	112.16
Air conditioner company	Air conditioner	Comprehensive energy consumption per unit of 12.465 tce/10,000 standard sets	Comprehensive energy consumption per unit < 12.278 tce/10,000 standard sets	Comprehensive energy consumption per unit of 11.259 tce/10,000 standard sets	115.40

Energy Consumption Data for the Past Three Years

Energy Consumption Category	Unit	2022	2023	2024
Basic information on energy use				
Total comprehensive energy consumption	ton standard coal	78,868.67	81,424.86	97,806.51
Comprehensive energy consumption/CNY 1,000,000 of output value	tce/CNY 1,000,000 output value	1.654	1.497	1.496
Among them: classified by energy type				
Petrol	ton	147.53	144.89	144.33
Diesel oil	ton	635.12	548.81	541.93
Purchased electricity	10,000 kWh	42,720.93	44,163.69	54,969.58
Heat (steam)	1,000,000 kJ	136,786.00	125,233.80	119,222.50
Fuel converted from waste oil and other fossil fuels	tce	1,072.56	0.00	0.00
Usage of clean energy				
Clean energy consumption	tce	19,482.43	21,861.84	25,179.01
Among them: classified according to energy types				
Natural gas	10,000 m ³	1,443.88	1,588.27	1,817.02
Solar (photovoltaic)	10,000 kWh	226.87	600.38	824.00

Note: The Group has continuously expanded its statistical scope. The 2024 disclosure scope of energy consumption covers production facilities for TVs, refrigerators (freezers), air conditioners, washing machines, kitchen appliances, small household appliances, general equipment, and intermediate products, including over 10 domestic manufacturing bases such as Mianyang, Zhongshan, Hefei, Jiaying, Jingdezhen, and Jingzhou, achieving full coverage of domestic production bases. The 2022 data statistical scope refers to the "Sichuan Changhong ESG Report 2022", while the 2023 data statistical scope refers to the "Sichuan Changhong ESG Report 2023".

Water Resources Utilization

The Group places high importance on water resource management, fully implementing the principles of "water conservation, water resource protection, and comprehensive utilization." And the Group also strictly complies with relevant laws and regulations such as the Water Law of the People's Republic of China and the Water Conservation Regulations, actively fulfilling our water-saving responsibilities and obligations.

Setting Water Conservation Targets

The Group has established a sound water resources management system, formulated rules and regulations such as the "Energy Management Measures" and the "Energy-Saving Management and Assessment Measures", clarified annual water conservation goals, and strictly implemented the assessment mechanism. At the same time, the Company has strengthened the inspection of water supply equipment and pipelines, promptly rectified problems such as water running, overflowing, dripping, and leaking, and improved the refined management of water use.

Sichuan Changhong Jijia Precision Industry | A target was set in 2024 to reduce water consumption per CNY 10,000 of output value by **5%** year-on-year. By optimizing product mix and production processes, implementing wastewater treatment and reuse measures, the water-saving goals in key production areas were achieved by **100%**.

Water Conservation Technology Transformation

The Group has optimized its production processes, promoted the renovation and elimination of high-water-consuming equipment, and strictly implemented the review of water resources recycling utilization for technology transformation projects to ensure efficient water use.

Changhong Air Conditioner | Introduce deep cryogenic cooling technology for refrigerant heat exchangers, significantly reducing water consumption and saving **3,000 tons** of fresh water throughout the year. Starting in 2024, an air circulation cooling system was equipped for all heat dissipation devices, achieving a year-on-year decrease of **1.81%** in water consumption and a year-on-year reduction of **31.44%** in water consumption intensity.

Water Resources Recycling and Reuse

The Group has actively promoted the treatment and reuse of industrial wastewater, adopting various measures such as sedimentation purification, zero discharge of electroplating wastewater, and recycling of glass screen cleaning wastewater, to improve the recycling rate of water resources. It has established a steam waste heat recovery system to send the residual steam back to the boiler, reducing fresh water consumption, and promoted energy-saving cooling technology to optimize equipment cooling methods.

Sichuan Changhong Battery | Wastewater generated in the production process is subjected to chemical precipitation. Part of it enters the recycled water treatment system for industrial production, and part is used for toilet flushing. The water reuse rate reached **48.6%** in 2024.

Ecological Water Conservation and Rainwater Resource Utilization

The Group coordinates domestic, production and ecological water use, promotes the utilization of rainwater resources, and enhances the recycling rate of water resources.

Sichuan Changhong Real Estate | In 2024, Sichuan Changhong Real Estate installed sponge city facilities such as **permeable concrete pavements, sunken greenbelts, and rainwater storage tanks** in development projects to collect rainwater for use in landscaping maintenance, road watering, and replenishing water features, saving approximately **5,000 tons** of municipal tap water annually.



Water Resource Consumption Data in the Past Two Years

Indicators	Unit	2023	2024
Total water consumption	ton	12,170,084.11	14,292,610.21
Water consumption intensity	t/CNY 10,000	2.24	2.19

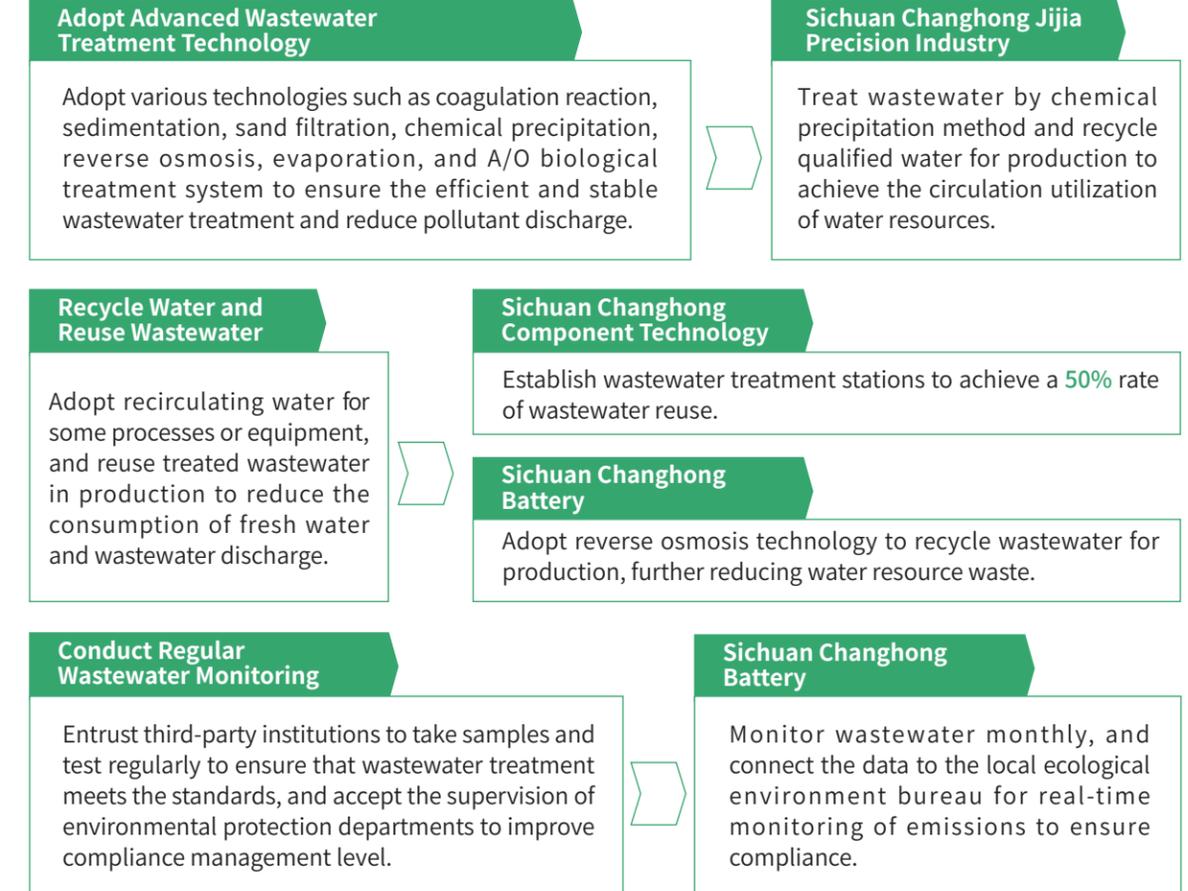
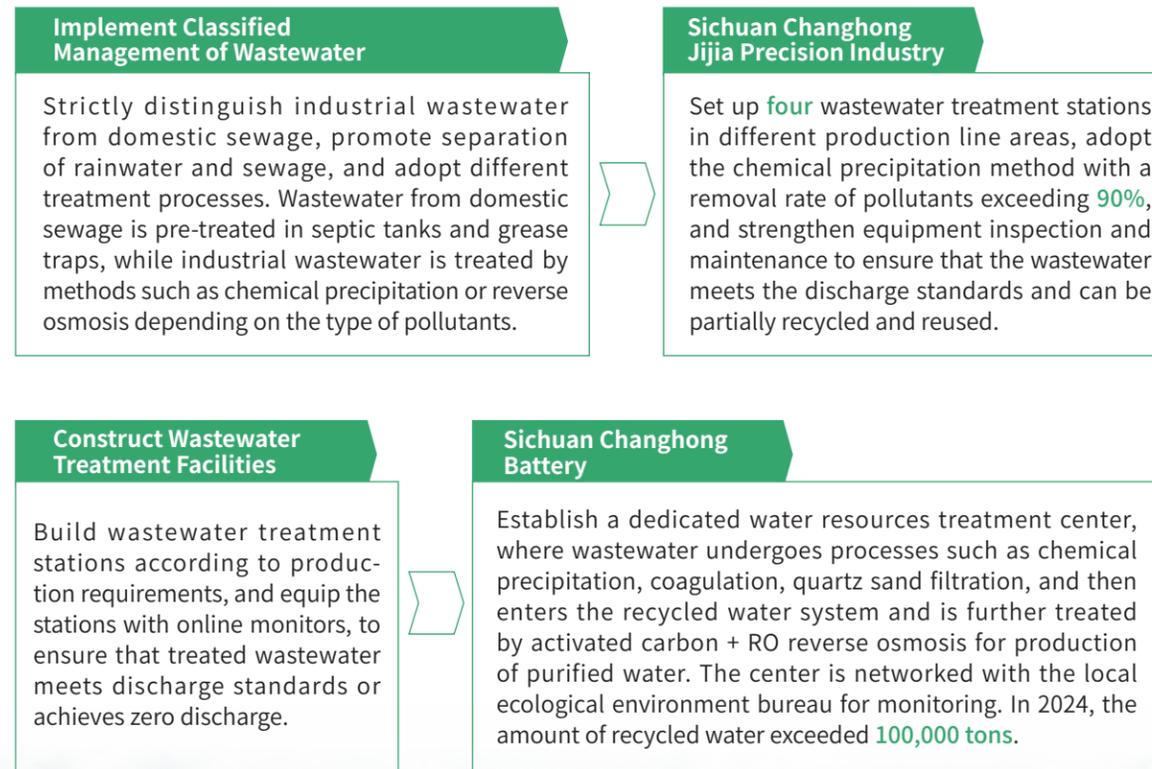
Note: The Group has continuously expanded its statistical scope. The disclosure scope of total water consumption and water resource consumption intensity in 2023 and 2024 covers production facilities for TVs, refrigerators (freezers), air conditioners, washing machines, kitchen appliances, small household appliances, general equipment, and intermediate products, including over 10 domestic manufacturing bases such as Mianyang, Zhongshan, Hefei, Jiaying, Jingdezhen, and Jingzhou, achieving full coverage of domestic production bases.

Emission Management

The Group implements full-process control and systematic oversight to prevent pollution at the source, covering production wastewater, domestic sewage, and air emissions. During the reporting period, 10 subsidiaries of the Group, including Sichuan Changhong Jijia Precision Industry, Sichuan Changhong Battery, and Sichuan Changhong Mold and Plastic Tech, were listed by the local ecological and environmental authorities as key regulatory units for environmental protection in 2024 (hereinafter referred to as "key pollutant discharge units").

Wastewater Management

The Group strictly implements the national and local standards for wastewater discharge, establishes the "Pollution Prevention and Control Management Measures", and takes multiple measures in wastewater management and emission reduction to monitor and constrain wastewater discharge. During the reporting period, the discharge concentration and total discharge volume of wastewater from key pollutant discharge units in the Group were all within the legal standards (detailed emission data can be found in the Company's 2024 Annual Report). No penalties were imposed by regulatory authorities.



The key pollutant discharge units of the Group treat all types of wastewaters through in-house sewage treatment stations to ensure compliance with standards before discharging into municipal sewage pipelines for further processing by professional local wastewater treatment plants. All discharges are indirect, posing no impact on employees or local community residents.

Waste Gas Management

The Group strictly complies with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and monitors and regulates air emissions in accordance with national and local emission standards. It has established an air pollution prevention and control system to standardize emissions management, enhance daily oversight, and ensure compliance. During the reporting period, the Group's key emission indicators, including emission concentration and total emissions, remained within legal limits (detailed emission data can be found in the Company's 2024 Annual Report). No penalties were imposed by regulatory authorities.

Source Reduction



Optimize production processes, adopt clean energy and low-emission technologies, such as promoting the replacement of low-VOC raw materials; upgrade processes, such as adopting vacuum degreasing process to replace traditional gas-based degreasing, eliminating waste gas generation and recovering volatile oil.

Sichuan Changhong Jijia Precision Industry

Adopt advanced production processes to reduce the generation of waste gas such as sulfuric acid mist, hydrochloric acid mist, nitric acid mist, and boiler waste gas from the source, and upgrade the spray and electrophoresis waste gas treatment facilities to "spray + filter cotton + two-stage activated carbon" to improve the treatment efficiency.

Sprinkler + filter cotton + Two-stage activated carbon

upgrade

Spraying and electrophoresis waste gas treatment

Process Control



Manage the equipment for waste gas generation in conjunction with the treatment facilities to ensure effective collection of waste gas; conduct regular inspections, maintenance, and replacement of adsorbents (such as activated carbon and filter nets) for the waste gas treatment facilities.

Sichuan Changhong Battery

For dust-containing waste gas in the production process, a dedicated waste gas treatment system was built, with organized emissions discharged through a 20-meter-high exhaust stack. The environmental protection and equipment departments conduct regular inspections of the waste gas treatment facilities, including their operation, maintenance, and servicing, to ensure optimal performance.

End-of-Pipe Treatment



Construct waste gas treatment facilities employing a combination of advanced technologies, including activated carbon adsorption (primary/secondary stage), UV photolysis, catalytic combustion, filter cotton filtration, spraying, and electrostatic oil fume treatment; upgrade and transform existing treatment facilities, such as increasing the number of activated carbon adsorption stages, and introducing online monitoring systems, to improve treatment efficiency.

Sichuan Changhong Mold and Plastic Tech

Install online monitoring equipment at the spray-painting exhaust outlets to monitor emissions in real time. Paint mist is first captured by water curtain adsorption in spray booths, followed by treatment through purification systems before final emission discharge. The waste gas from plastic injection processes is captured by collection hoods, then treated through activated carbon adsorption and other purification technologies before compliant emission.

Monitoring and Compliance



Key pollutant discharge units regularly entrust third-party institutions to conduct waste gas testing to ensure compliance with emission standards. The Company has installed facilities such as eco-friendly air conditioners, mechanical ventilation, and local exhaust ventilation to improve indoor air quality.

The emission outlets of the key pollutant discharge units are distributed across production parks. All exhaust gases undergo dedicated treatment through specialized air pollution control systems to ensure compliant discharge, resulting in minimal impact on employees and surrounding communities.



Waste Disposal

The Group classifies and handles solid waste generated during the production process in accordance with laws and regulations such as the "Solid Waste Pollution Prevention and Control Law", the "Regulations on the Administration of Recycling and Treatment of Waste Electrical and Electronic Equipment", and the "Measures for the Administration of Permit for Operation of Dangerous Wastes", thereby ensuring the safety and environmental protection of waste disposal. In view of the different characteristics of various waste materials, the Company has formulated the "Solid Waste Management Procedure" and the "Hazardous Chemicals Management Procedure", further standardizing the collection, storage and disposal of waste generated during the operations to ensure that waste is properly handled and pollution to the environment is reduced or avoided.

During the reporting period, the Group achieved a 100% compliance rate in the lawful transfer and disposal of hazardous waste. No penalties were imposed by regulatory authorities for solid waste management practices.

Waste Risk Management

The Group places high priority on mitigating potential risks associated with solid waste management through a multi-layered control system, including establishing an emergency pool for hazardous waste, formulating emergency response plans and regularly conducting drills, strengthening legal and regulatory publicity and training for employees to enhance risk awareness, and having environmental administrators participate in or supervise critical processes that may have significant impacts.

Solid Waste Management Initiative



Categorized Management

The Company clearly classifies solid waste into general industrial solid waste (waste plastics, waste steel, etc.) and hazardous waste (waste alcohol, waste circuit boards, etc.). It set ups dedicated management departments and compliant storage facilities (general solid waste warehouse, hazardous waste warehouse), implements zoned and labeled management, and conducts regular inspections and rectifications.



Compliant Disposal

General industrial solid waste is partially sold to qualified recycling companies through bidding and other methods for recyclable utilization, while the non-recyclable industrial waste is handed over to the park or qualified entities for handling. Hazardous waste is entrusted to qualified units for comprehensive utilization or harmless disposal, strictly implementing the electronic tracking system throughout the transfer process.



Resource Recovery

The Company actively promotes waste-to-resource conversion through physical separation of oil/emulsion-containing metal scraps to achieve solid-liquid separation and material recovery, systematic recycling of plastic rejects and molding gates, and tender-based sales of sorted waste materials to facilitate resource reuse.



Digital Management

Leveraging platforms such as "Zero-Waste Sichuan", the Company has implemented end-to-end digital tracking of solid waste through its entire lifecycle from generation and temporary storage to final disposal. This system enables online processing of inventory records and electronic waste transfer manifests.

Waste Management Cases

Sichuan Changhong: Establish a waste exchange platform, where each unit publishes information on scrap materials, further improving the comprehensive utilization of waste and reducing production costs.

Guangdong Changhong Electronics: Implement special programs to maximize waste reuse, including during factory renovations, setting up dedicated teams to assess, dismantle, repair, and remodel discarded materials, achieving a **95%** recycling rate for recoverable materials during renovation.

Sichuan Changhong Mold and Plastic Tech: Set up recycling temporary storage stations, post responsibility information, QR codes, labels on hazardous waste temporary storage stations, maintain inventory logs, entrust qualified units to dispose of hazardous waste, and regularly organize emergency drills for hazardous waste.

Sichuan Changhong Packing & Printing: Implement classified management for general solid waste and hazardous waste, set up temporary storage areas for hazardous waste, sign contracts with qualified entities, maintain hazardous waste inventory logs, achieving a **100%** compliance rate for the proper transfer and disposal of hazardous waste; Committed to the harmless disposal and recycling of waste, with a main waste recycling rate reaching **100%**.

Solid Waste Discharge Volume in the Past Three Years

Indicators	Unit	2024
Total hazardous waste generated	ton	4,343.82
Hazardous waste generated per million yuan of output value	t/CNY 1,000,000	0.07
Total general solid waste generated	ton	126,932.97
General solid waste generated per million yuan of output value	t/CNY 1,000,000	1.94

Note: 1. The Group has continuously expanded its statistical scope. The 2024 disclosure scope of hazardous waste and general solid waste in covers production facilities for TVs, refrigerators (freezers), air conditioners, washing machines, kitchen appliances, small household appliances, general equipment, and intermediate products, including over 10 domestic manufacturing bases such as Mianyang, Zhongshan, Hefei, Jiaying, Jingdezhen, and Jingzhou, achieving full coverage of domestic production bases. The 2022 data statistical scope refers to the "Sichuan Changhong ESG Report 2022", while the 2023 data statistical scope refers to the "Sichuan Changhong ESG Report 2023".

- The expansion of the statistical scope has led to an increase in the total amount of hazardous waste and general solid waste;
- 100% of the generated hazardous waste was entrusted to external professional qualified units for treatment;
- Hazardous waste: waste printed circuit boards, waste acid, waste mineral oil, etc.; General solid waste: waste iron, waste plastic, etc.



Carbon Footprint Management

The Group has actively established a comprehensive product lifecycle carbon emission management system, and engaged third-party certification institutions to carry out systematic carbon footprint certification for three refrigerator (freezer) models and three washing machine products under its umbrella based on the ISO 14067 standard for product carbon footprint quantification.

It has developed a full lifecycle assessment model covering "production - distribution - usage - end-of-life disposal", achieving precise greenhouse gas emission data quantification for each phase, and obtaining authoritative product carbon footprint certificates. This initiative has provided data support for the low-carbon improvement of products, and signified a milestone in establishing green product matrix, laying a solid foundation for the subsequent development of environmentally friendly products.



Carbon Footprint Certification for Refrigerator (MRF - 252W)



Carbon Footprint Certification for Refrigerator (MRF - 424W)



Carbon Footprint Certification for Refrigerator (MRF - 431W)



Carbon Footprint Certification for Front-loading Washing Machine (MG80 - 14586B2)



Carbon Footprint Certification for Front-loading Washing Machine (MG100 - 14596B2H)



Carbon Footprint Certification for Front-loading Washing Machine (MG120 - 14658D2H)



The Group's refrigerators (freezers) and washing machines were awarded full life cycle carbon footprint certificates

Creating a Green Working Environment

The Group actively implements green and low-carbon development principles, continuously optimizing production and operational methods. Through initiatives such as green technological upgrades, and green offices, improves resource utilization efficiency, and drives sustainable development.

Green Technology Transformation

The Group continues to strengthen green design and green manufacturing efforts, enhancing the design, development, and production of energy-saving products and environmentally labeled products, while actively advancing the construction of green factories. In 2024, Sichuan Changhong Mold and Plastic Tech obtained national-level green factory certification, while Sichuan Hongrui Electric, Sichuan Changhong Precision Electronics Technology, Sichuan Changhong NeoNet Technologies, and Sichuan Changhong Battery received provincial-level green factory certifications.

Sichuan Changhong NeoNet Technologies

Optimize component mounting processes to reduce high-energy-consumption and high-pollution procedures, minimize waste circuit board edges from insertion mounting and post-treatment waste such as used filter screens and spent activated carbon. Upgrade existing factory wave soldering equipment through technical improvements, introduce new nitrogen-assisted wave soldering machines.

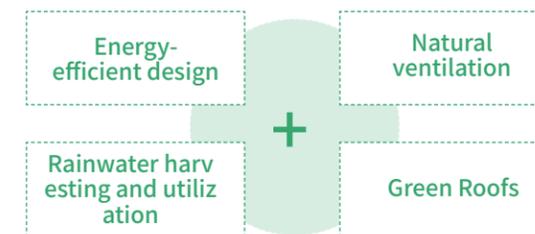
Sichuan Changhong Jijia Precision Industry

Upgrade the spray-painting waste gas treatment system by replacing the UV photolysis process with activated carbon treatment, increasing the volatile organic compounds (VOCs) removal rate to over 80%.



Green Building

The Group implements multi-faceted green building measures by applying advanced materials and technological upgrades to existing structures. These efforts focus on reducing energy consumption through energy efficiency improvements, ventilation optimization, rainwater utilization, and roof greening, enhancing environmental quality while ensuring proper waste disposal, reducing lighting energy consumption by introducing natural light through increased fenestration, implementing comprehensive environmental management for molding processes across the parks, covering production techniques, pollution control, monitoring systems, and transportation methods.



Guangdong Changhong Electronics

Adopt advanced green building materials to implement energy-saving renovations for existing structures, including natural ventilation, rainwater collection and utilization, and green roofs, reducing building energy consumption and resource usage.

Sichuan Changhong NeoNet Technologies

Optimize factory circuit installation design to achieve segmented lighting control in production areas, reducing energy consumption.

Changhong Air Conditioner

In 2024, while the original design already met standards including the "Assessment Standard for Green Building (GB/T 50378)", Changhong Air Conditioner upgraded over 400 high-efficiency LED lights (200Lm/W) to replace 150W standard LED lamps, enhancing factory energy conservation. The project is estimated to achieve annual electricity savings of approximately 120,000 kWh.



Two ware factory shop lighting replacement

Green Office

The Group actively promotes green office initiatives and has formulated the "Energy Conservation Management and Assessment Measures." These measures regulate and advocate for daily office practices and employee behaviors to drive green, low-carbon, and emission reduction efforts across the entire company.

Paperless Office Advocacy

The Company vigorously promotes paperless operations by leveraging digital systems to enable fully electronic document drafting, approval, circulation, and archiving. This significantly reduces paper consumption, decreases reliance on forest resources, improves office efficiency, and ensures faster, more convenient information transfer.

Energy-Efficient Equipment Adoption

The Company prioritizes energy-saving office equipment, such as energy-efficient computers, printers, and copiers, which maintain performance while effectively reducing energy consumption.

Optimal Air Conditioning Temperature Control

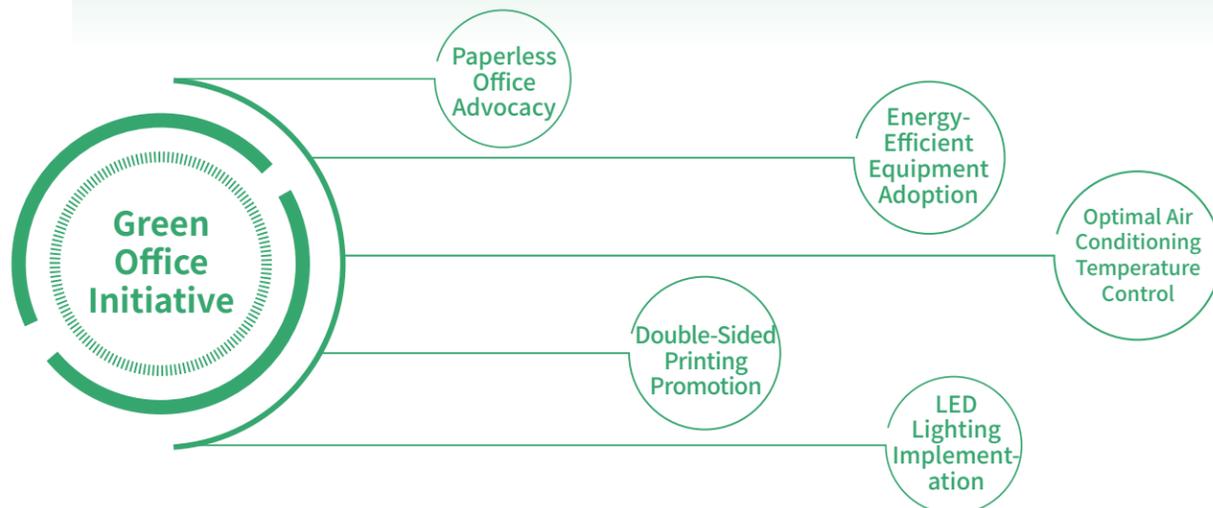
To minimize energy waste, the Company strictly regulates air conditioning temperatures - no lower than 26 °C in summer and no higher than 20 °C in winter. This balanced approach ensures employee comfort while reducing energy usage.

Double-Sided Printing Promotion

To maximize paper utilization, the Company encourages double-sided printing. Employees have adopted this practice in daily work, substantially cutting paper use and indirectly reducing energy consumption and pollution from paper production.

LED Lighting Implementation

The company is progressively replacing traditional office lighting with LED fixtures, which offer high efficiency, long lifespan, and eco-friendliness. This reduces lighting system energy consumption and lowers maintenance and replacement costs.



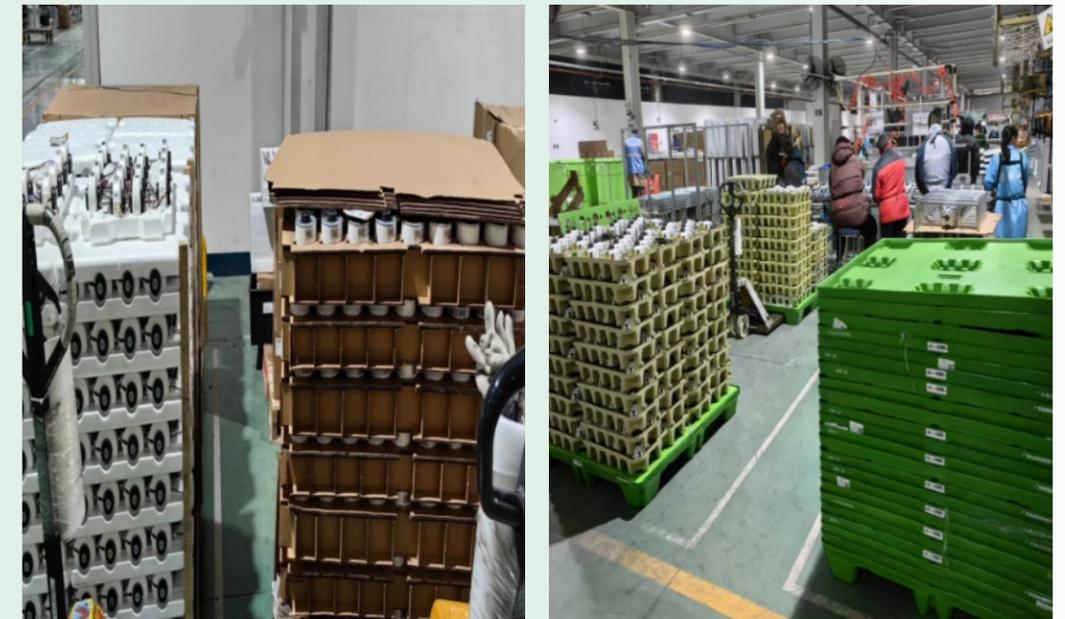
Green Packaging

The Group places high importance on material management and recycling, strictly controls the receipt, dispatch, and storage of materials, and implements full-life-cycle material reduction management. Packaging materials are strictly selected based on the principles of lightweight, recyclable, and reusable design to achieve refined management of material usage.

Actions for Green and Reduced Packaging

Sichuan Changhong NeoNet Technologies: Strictly implement product standards, standardize processes, and improve precision in material management to reduce waste. Establish the Input-Output Ledger to ensure accounting accuracy, while compliance was guaranteed through environmental standards and traceability mechanisms. Ensure precise control of material preparation and requisition to lower inventory costs and enhance production efficiency.

Changhong Air Conditioner: Select packaging materials following the principles of lightweight design, recyclability, and reusability. Promote over **95%** reusable packaging adoption among upstream suppliers and over **80%** packaging material recycling rate for local suppliers. Adopt electronic product manuals to reduce paper usage by more than **70%**. Implement packaging reduction for residential central AC products through EPS foam structure optimization and substitution, decreasing cushioning component consumption (**25%** reduction for 1.5HP product packaging, **8%** for 3HP products). Packaging material usage decreased by **0.29%** year-on-year during the reporting period.



Comparison of Suppliers' Original Non-Reusable Packaging (Left) and Current Reusable Packaging (Right)

Material Usage Data in Past Three Years

Indicators	Unit	2022	2023	2024
Total materials used	ton	675,852.05	831,388.16	2,248,802.03
Packaging materials used	ton	47,097.21	70,728.22	100,418.02
Proportion of recycled materials	%	38.15	49.47	61.22

Note: 1. The Group has continuously expanded its statistical scope. The 2024 disclosure scope of total material used and packaging material used covers production facilities for TVs, refrigerators (freezers), air conditioners, and parts, including over 10 domestic manufacturing bases such as Mianyang, Zhongshan, Hefei, Jiaying, Jingdezhen, and Jingzhou, achieving full coverage of domestic production bases. The 2022 data statistical scope refers to the "Sichuan Changhong ESG Report 2022", while the 2023 data statistical scope refers to the "Sichuan Changhong ESG Report 2023".

2. The main reason for the increase in total materials used and packaging materials used is the continuous increase in the Group's industrial gross output and the expansion of the statistical scope.

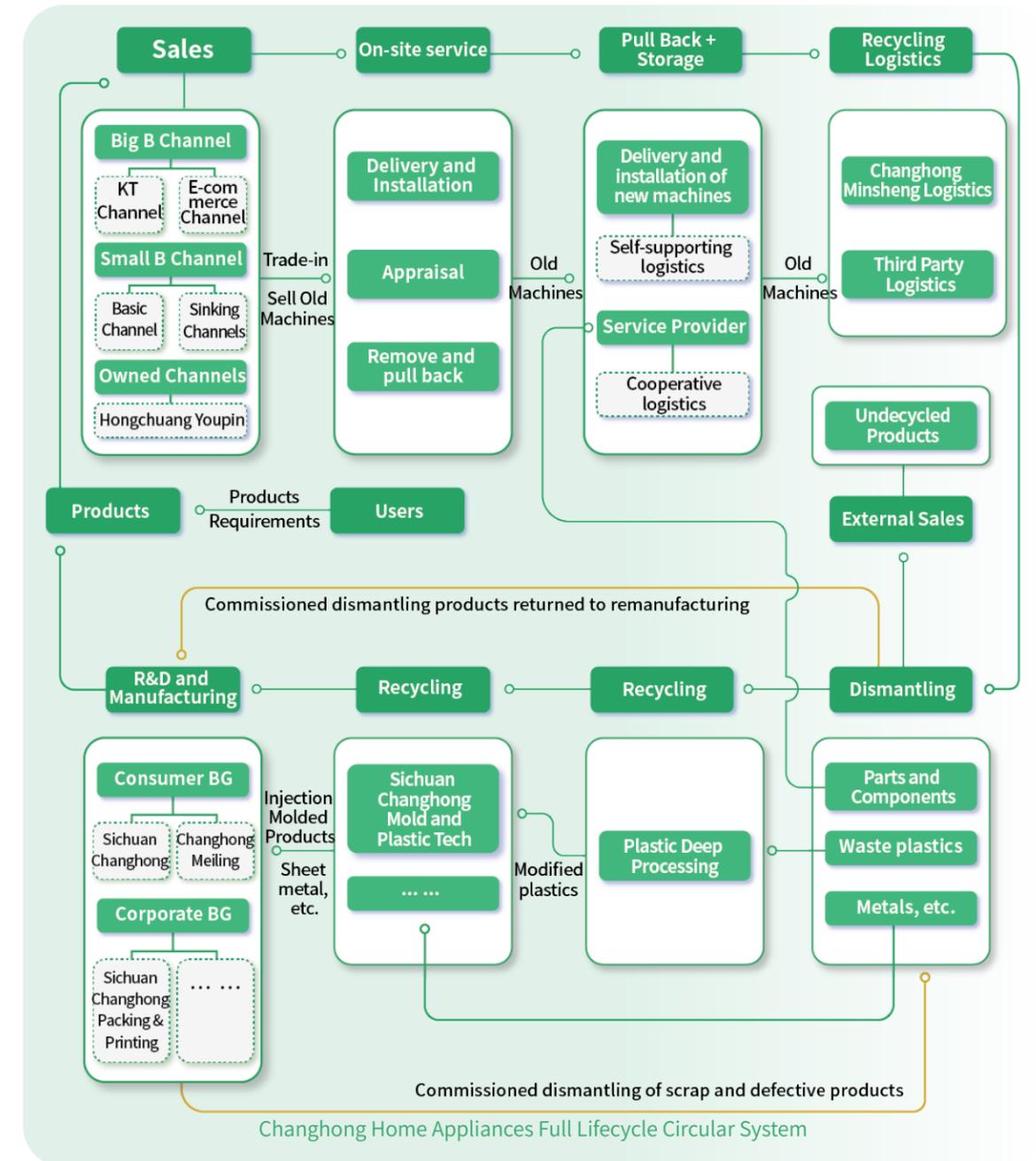


Developing Circular Economy

The Group vigorously promotes circular economy initiatives, Changhong Grun establishing over 1,000 used appliance recycling outlets nationwide and constructing China's first dedicated production line for resource recovery of discarded display screens. Leveraging proprietary recycling channels and dismantled material supplies, it focuses on TVs, computers, mobile phones, and tablets to achieve environmentally efficient extraction of rare metals (indium, silver, etc.) and sustainable regeneration of glass/plastics, building a nationally and globally leading demonstration base for advanced display screen resource recovery.

In 2024, with special funding support, Changhong Grun processed 1.82 million units/sets of discarded appliances, including approximately 400,000 refrigerators, 350,000 televisions, 340,000 air conditioners, 280,000 washing machines, and 450,000 computers.

Note: In 2010, the company initiated the establishment of Changhong Gerun. In 2017, Changhong Gerun came under the control of the company's controlling shareholder.



"Trade-In" Product Recycling Initiative of the Group

The Company actively responds to the Action Plan for Promoting Large-Scale Equipment Upgrades and Consumer Goods Trade-Ins, systematically advancing electronics trade-in programs to encourage consumer participation in recycling. In 2024, green product sales exceeded CNY 400 million. By establishing a closed-loop system encompassing collection, dismantling, recycling, and subsidies, the initiative enhances product reuse rates, demonstrating the company's commitment to environmental protection and sustainable development.

Ecosystem and Biodiversity Conservation

Biodiversity, as a core element of healthy ecosystem functioning, not only supports ecological balance but also underpins the sustainable development of human society. With a strong sense of responsibility, the Group is fully committed to biodiversity conservation, integrating it throughout corporate strategy and operations. Under the Group's management, all project sites are located within industrial parks, avoiding national, municipal, or county-level nature reserves, wildlife protection zones, forest parks, scenic areas, key cultural heritage sites, ecologically sensitive areas and rare wildlife habitats. None of the sites fall within ecological conservation redlines, ensuring full compliance with planning requirements and local environmental compatibility. Moreover, all operational activities strictly adhere to regulations, guaranteeing no adverse impacts on local biodiversity.

Conducting Environmental Protection Education and Publicity

Sichuan Changhong extensively conducts green and low-carbon education campaigns, utilizing banners, WeChat official accounts, advertisements, and other media platforms to diversify online and offline promotional activities with corporate characteristics. It widely organizes environmental protection awareness training to enhance employees' resource conservation and environmental protection consciousness, accelerating the adoption of simple, moderate, green, low-carbon, and healthy production and lifestyles.

During the reporting period, the Group conducted 1,109 environmental training sessions through three-tier education programs, monthly meetings, and specialized training, covering 27,848 participants. The company encourages employees to actively participate in various environmental - friendly public welfare activities, such as environmental knowledge promotion, garbage classification, and tree - planting, and put the concept of green environmental protection into practice with concrete actions.

Environmental Protection Training Data of Sichuan Changhong in Recent Three Years

Key Indicators	Unit	2022	2023	2024
Environmental protection investment	CNY 10,000	9,286.76	4,335.66	6,057.63
Environmental protection training	Time	945	1,054	1,109
Environmental protection training participation	person-time	22,682	25,142	27,848

Sichuan Changhong Conducted ISO 14001 Standard Training

The Group invited ISO 14001 auditing experts to provide intensive training on the ISO 14001 standard and related knowledge to 79 environmental management officers. This initiative comprehensively enhanced their auditing skills and management capabilities, promoting deeper integration of the management system with environmental protection work.



Sichuan Changhong invited Experts of Sichuan Academy of Eco-Environmental Sciences for Training

The Group engaged environmental protection experts from the Sichuan Academy of Eco-Environmental Sciences to conduct regulatory knowledge training for principal responsible persons of all production and operation units. This initiative enhanced the environmental awareness and management competencies of the executives.



Sichuan Changhong Battery

Conducted annual environmental protection management training, organizing environmental management personnel and key staff to study national regulations such as the Measures for Pollutant Discharge Permitting Administration to further standardize environmental management mechanisms.

Sichuan Changhong Precision Electronics Technology

Organized training on household waste sorting, and arrange for environmental protection management personnel and key staff to study relevant national regulations.

Sichuan Changhong Packing & Printing

On June 14, 2024, Sichuan Changhong Package & Printing organized a safety and environmental protection knowledge competition.

Empowering with Care, Safeguarding Employees Rights and Interests

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Sichuan Changhong firmly believes in aligning company growth with employees development. By upholding compliant and fair employment practices, caring for and supporting employees, fostering their development, and safeguarding occupational health, the Company has built a full-lifecycle employees rights and interests protection system. Through the bidirectional integration of institutional standards and human-centered care, employees are empowered to realize their value in a fair, safe, and inclusive environment.

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03



Response to the United Nations Sustainable Development Goals (SDGs)

1--10-Year Objectives(2021--2030)

Achievement of objectives in 2024

Strive for zero production safety incidents with direct economic loss of CNY 1 million or more	Achieved: Zero such incidents occurred
Strive for zero fire accidents with direct economic loss of CNY 500,000 or more”	Achieved: Zero such accidents occurred
Zero occupational diseases (including acute occupational poisoning)	Achieved: Zero cases
100% compliance with the “Three Simultaneities (safety, environmental protection, and occupational health)” system for new, renovated, expanded and constructed projects	Achieved
100% safety training pass rate before onboarding for new, transferred, and reinstated employees	Achieved
100% detection rate of occupational hazard factors	Achieved
100% compliance in occupational health monitoring	Achieved



Commitment to Compliant Employment

Sichuan Changhong strictly abides by relevant national laws and regulations, such as the “Civil Code of the People’s Republic of China”, the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Law of the People’s Republic of China on Promotion of Employment”, and the “Provisions on Prohibition of Child Labor”, as well as applicable laws in the regions where it operates overseas. The Company has formulated institutional documents such as the “Recruitment Management Measures” and “Employment Management Guidelines”, and continues to improve its employee management system to safeguard employees’ fundamental rights and interests.

Recruitment Principles

Positions are created based on actual needs; candidates are selected according to job requirements; and principles of fairness, impartiality, and scientific management are followed

Acquire global talents without restrictions without being bound by conventions, encourage internal referrals, and conduct conflict-of-interest avoidance in candidate selection

Risks, Impacts and Opportunities

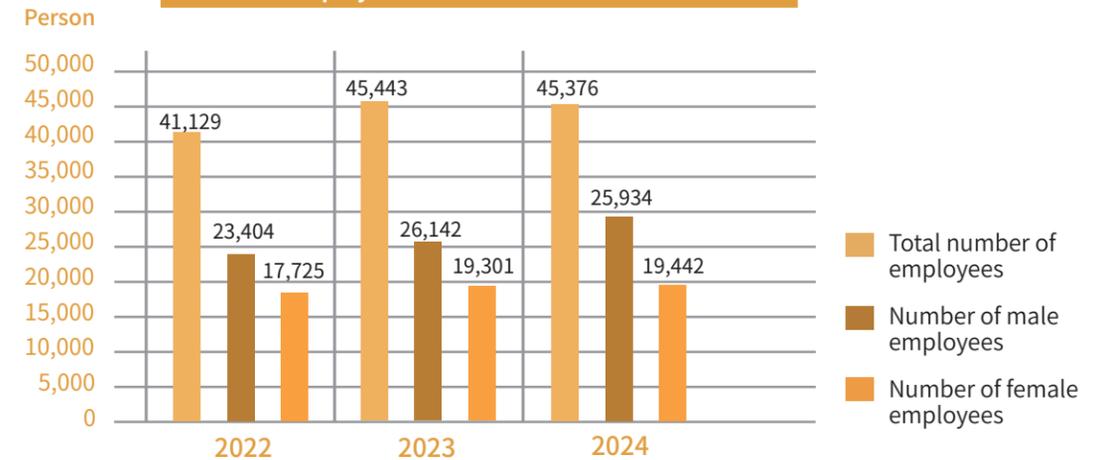
Risk/ Opportunity	Description of Risk, Opportunity, and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risks	High turnover among production personnel leads to talent loss and rising recruitment costs	Expenditure (recruitment and training costs for new employees)	Short term	Low	<ul style="list-style-type: none"> Establish a comprehensive employee incentive and promotion system to enhance employee satisfaction and sense of belonging Conduct regular employee satisfaction surveys to promptly address employee concerns
	Health issues among employees may lead to increased medical expenses and reduced productivity	Expenditure (medical subsidies, sick leave wages) Revenue (decreased due to reduced productivity)	Long term	Low	<ul style="list-style-type: none"> Establish an employee health management system and provide regular health check-ups Offer health training and mental health counseling services for employees
Opportunities	Improve work efficiency and innovation capabilities	Revenue (increased from product innovation and productivity improvement) Expenditure (reduced due to improved efficiency)	Medium term	Medium	<ul style="list-style-type: none"> Conduct employee skill training and team-building activities Introduce advanced employee management philosophy and techniques such as performance management systems
	Establish a good corporate image to attract outstanding talents and customers	Revenue (increased from improved attraction of customers and talents)	Long term	Medium	<ul style="list-style-type: none"> Strengthen CSR communication, highlighting employee care initiatives Participate in public welfare activities to improve corporate recognition

Note: The definitions of impact duration and impact level in the “Empowering with Care, Safeguarding Employees Rights and Interests” section of this report are as follows:

- According to the Company’s sustainable development strategy, the impact duration is divided into three categories: short term, medium term, and long term. Short term refers to the period within one year (inclusive) after the end of the reporting period; medium term refers to one to five years (inclusive) after the reporting period; and long term refers to more than five years after the reporting period.
- The impact level is categorized into three levels: low, medium, and high. A "low impact level" refers to ① currently neutral with potential future impact, or ② currently or potentially having an adverse effect. A "medium impact level" refers to currently having an adverse effect with possible negative consequences in the future. A "high impact level" refers to ① currently having a negative effect with the likelihood of strong future adverse impact, or ② a high probability of strong adverse impact either now or in the future.

Staff Structure

Employee count from 2022 to 2024



Statistics of employee age distribution from 2022 to 2024



Regional employee count 2022-2024



Indicators	Unit	2022	2023	2024
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Proportion of female managers	%	15.64	15.66	14.24
Localization rate of overseas employees	%	95.76	96.61	97.46

Functional Composition	
Functional Role Category	Number of Employees
Production employees	25,943
Sales employees	8,264
Technical employees	2,765
R&D employees	3,218
Finance employees	742
Administrative employees	3,504
Managerial employees	469
Other registered employees	471
Total	45,376

Educational Background	
Education Level	Number of Employees (person)
Doctorate degree	30
Master's degree	961
Bachelor's degree	9,464
Associate degree	7,020
Other	27,901
Total	45,376

Equal Employment

The Company adheres to the principle of equal opportunity. In accordance with its “Recruitment Management Measures”, the Company strictly complies with labor laws and regulations concerning employee rights and interests, carries out recruitment in a fair and transparent manner, and prohibits any form of employment discrimination based on nationality, gender, age, race, religion, pregnancy, or disability. All employees are treated equally.

The Group promotes equal employment and supports job opportunities for special groups. In response to the national call to promote the employment of persons with disabilities, the Group launched a special recruitment program prioritizing job opportunities for people with disabilities living in nearby communities.

In 2024:

Changhong Jiahua created designated positions for persons with disabilities across multiple departments and employed **16** qualified candidates with disabilities.

Changhong Minsheng hired **6** persons with disabilities.

Prevention of Child Labor and Forced Labor

The Company strictly implements the “Employment Management Guidelines”, “Labor Contract Management Measures”, and “Leave Management Measures for Employees”, signing employment contracts with employees in accordance with the law, complying with national working hour standards, and resolutely opposing all forms of child labor and forced labor. It also ensures employees' rights to reasonable working hours and rest, and guarantees that employees enjoy legally mandated holidays. The Company has formulated the “Leave Management Measures for Employees”, which explicitly define leave types such as family reunion leave, marriage leave, bereavement leave, maternity leave, work injury leave, sick leave, and personal leave, thereby protecting employees' basic rights. During the reporting period, there were no incidents of discrimination, child labor, or forced labor.

▶ Paid Annual Leave

Employees are entitled to paid annual leave in accordance with the law. During the signing of the Labor Contract, the Company strictly complies with the “Labor Law” and the “Regulations on Paid Annual Leave for Employees”, with clear stipulations on working hours and leave entitlements. Meanwhile, new employee onboarding includes specific training on leave policies to ensure transparency of rights and obligations.

The Company adopts a tiered annual leave system based on employees' years of continuous service:

- Employees who have accumulated over 1 year but less than 10 years of working experience are entitled to 5 days of annual leave.
- Employees who have worked for 10 years or more but less than 20 years are entitled to 10 days of annual leave.
- Employees who have worked for 20 years or more are entitled to 15 days of annual leave.

► Caring Benefits

The Company strictly adheres to national labor protection laws and has established a comprehensive care system that covers the full maternity cycle. Female employees are entitled to maternity leave in accordance with the law, as well as miscarriage recovery leave and breastfeeding rights according to medical needs. Male employees may apply for paternity leave to fulfill family responsibilities. In addition, the Company has introduced considerate care provisions such as prenatal checkup leave and postnatal personal leave, providing supplementary support to help relieve the temporary pressures faced by employees during the maternity period.

To protect employees' career development rights, the Company enforces a position retention mechanism during maternity and paternity leave, ensuring that job titles and grades remain unchanged. Regular communication mechanisms are in place to facilitate a smooth transition back to work. In terms of logistical support, the Company has standardized the setup of nursing rooms at headquarters and all regional offices, equipped with breastfeeding rest areas and basic nursing facilities, providing a safe and private space for employees with childcare needs. By combining the implementation of statutory rights with proactive corporate care, the Company continuously improves the construction of a family-friendly workplace environment.

👤 Remuneration and Welfare

The Company starts from employee needs and upholds a mechanism of "Dedication and Responsibility, Innovation and Sharing." It follows the compensation philosophy of "paying for position, competence, and performance." In accordance with legal requirements, the Company provides employees with statutory benefits, including social insurance, housing fund contributions, and paid holidays, thereby fully protecting employee income rights.

The Company pays salaries on a fixed day, and no salary default happened throughout the year. With the system of collective discussions on salaries, the Company has ensured reasonable income growth for its employees. In 2024, the Group's average salary per employee increased by 3.62%. The Company actively addresses employee needs through various initiatives, including care assistance, Employee Assistance Program (EAP), workplace improvements, commuting shuttles, dining facilities, employee consolation programs, health checkups, cultural activities, educational advancement rewards, scholarships for employees' children admitted to university, and vacation recovery programs. These efforts have benefited all employees and have been widely recognized.

👤 Democratic Management

The Company adheres to a democratic management system based on the employee representative congress, and implements democratic election, consultation, decision-making, management, and supervision in accordance with the law. These mechanisms fully mobilize employees' enthusiasm, initiative, and creativity, fostering a harmonious labor relationship. In the meantime, the Group continuously promotes the development of a multi-level workers' congresses system and a tiered collective consultation mechanism. This enhances the quality of grassroots workers' congresses and ensures that employees actively participate in corporate management and development. It effectively safeguards employees' rights to information, participation, expression, and supervision, thereby strengthening corporate cohesion and employee satisfaction. The Company has established a reasonable and effective internal grievance mechanism. Employees can express concerns or suggestions via workers' congresses, complaint boxes, suggestion books, and forums. Relevant departments follow up on such matters to ensure that employees' legitimate rights and interests are fully protected. The Company has been awarded the "National May 1 Labor Award," "National Model Workers' Home," "National Advanced Unit for Factory Affairs Openness and Democratic Management," "National Model Unit for Factory Affairs Openness and Democratic Management," and "National Ankang Cup Advanced Unit."

Awarded

- 🏆 "National May 1 Labor Award"
- 🏆 "National Model Workers' Home"
- 🏆 "National Advanced Unit for Factory Affairs Openness and Democratic Management"
- 🏆 "National Model Unit for Factory Affairs Openness and Democratic Management"
- 🏆 "National Ankang Cup Advanced Unit."

Enhancing Employee Care

The Group is deeply committed to meeting the needs of its employees and consistently strives to support them with sincerity and practical actions. The Company has increased its care efforts for frontline workers, families in hardship, and female employees, aiming to address their real challenges and foster a harmonious, caring enterprise where employees feel a strong sense of happiness and belonging.

👤 Warm-Hearted Support and Consolation

The Group genuinely cares for its employees and is committed to addressing their needs with sincerity and compassion, consistently carrying out employee consolation and support activities as a regular practice. In 2024, the Company raised the holiday consolation allowance for active employees from CNY 200 to CNY 800 and increased the number of major holiday consolations from 4 to 5 per year.

In 2024:

it conducted **47,000** consolation visits to active and retired employees across platform departments, extended care to **187** employees suffering from critical illnesses, work-related injuries, or hospitalizations, assisted in **101** funeral-related cases, and helped organize health check-ups for **18** subsidiaries and occupational disease screenings for **5** subsidiaries.

Throughout the year, the labor union conducted over **7,000** consolation visits to model workers, craftsmen, and frontline employee representatives.



Employee consolation activities

Employee Assistance and Support

Centered on employee satisfaction, the Group strives to address employees' urgent and critical needs. A comprehensive assistance mechanism has been established to support employees in difficulty, including a support ledger and digital platform. Leveraging the Hongkang Medical Relief System, the Company provides aid for major illnesses and family-related hardships. The Company actively promotes the application process for employees in hardship and implements tiered support strategies to ensure timely relief and long-term resolution.

Caring for Employees' Mental Health

The Group places high importance on the emotional well-being and mental health of its employees and is actively advancing the development of its psychological care system.

In 2024:

the Company continued to offer monthly in-person psychological counseling services, delivering **165** one-on-one sessions. Throughout the year, it also held mental health awareness lectures, themed workshops, and **525** Mental Health Day activities

reaching over **1,500** employees in total.



Dedicated Care and Support for Female Employees

The Group attaches great importance to the development of female employees, actively fostering a respectful, supportive, and caring environment, and creating broader opportunities for their growth. By establishing role models and highlighting the excellence of female employees, the Company motivates them to innovate and enhance performance in their roles. Annual recognition is given to outstanding female individuals and exemplary employee families to inspire progress and strengthen female employees' sense of happiness and belonging, encouraging their greater contribution to corporate growth.

Activities for female employees



The Company organized over **4,000** female employees to participate in themed activities such as “Fragrant Roses, Shared Reading” and “Fragrant Roses, Reading for Growth.” Additionally, **48** female employees participated in the Fragrant Roses · Building Year Reading Campaign organized by All-China Federation of Trade Unions.



The Company promoted the pilot construction of provincial-level “Mommy & Baby Rooms,” with **9** facilities used **16,000** times throughout the year.



The Company hosted “Rainbow Cube” social networking events for over **520** young employees.





Over 3,000 female employees participated in the “Respect and Uphold the Law · Join Hands to Pursue Dreams” online knowledge competition.



The Company strengthened its care initiatives for female employees by providing support to single mothers, migrant women workers in hardship, and exemplary female employees, with a total of 10 cases of special care.



The Company organized more than 3,500 female employees and family members to participate in the Sichuan Provincial Major Illness Mutual Aid Plan for Female Workers, and arranged flu vaccination sessions for over 2,000 participants.



The Company held “Family Values Inheritance · Love on Children's Day” themed events with over 2,000 participants.



Employee Engagement Activities

The Company has always regarded building harmonious labor relations as a key component of its human resources strategy. With the goals of safeguarding employees' legitimate rights and interests, promoting corporate development, and maintaining social stability, the Company regularly organizes a variety of cultural and sports activities to encourage employee participation and foster a positive, healthy cultural atmosphere, thereby enhancing employees' sense of fulfillment, happiness, and professional belonging.

Changhong Cup Sports Games



Changhong Carnival



Changhong Employee Fun Sports Show



Empowering Employee Development

Empowering employee growth and unleashing their potential are key drivers of sustainable corporate development. Sichuan Changhong has always upheld a “people-oriented” talent development philosophy, aiming to respect, rely on, train, and grow with its employees. The Company seeks to fully unlock employees' potential and align personal value aspirations with corporate goals by building broad development platforms to support employees in achieving their career ambitions.

Open and Transparent Career Pathways

The Company has established a robust career development system offering “dual-track” career development path of both professional development and management development. Annual job level evaluations are conducted for all employees. Based on individual capability and contributions, high-performing employees are promoted in rank and receive corresponding salary adjustments, supporting their personal value realization through steady growth.

Professional Promotion Path

- The Company provides a 6-7 level promotion pathway for technical professionals across R&D, engineering technology, marketing, functions, and production.
- A multi-specialty qualification system has been established, clearly outlining layered requirements for professional knowledge, skills, and key competencies, and regularly updated based on annual strategic needs of the Company. In addition, employees in professional development path are also provided with learning resources to enhance their professional capabilities and achieve self-development.

Management Development Path

- A 4-level management progression framework supports employees in their rapid transition from self-management to team leadership and organizational management.
- A talent pool of future managers has been established, covering all levels of the Company's management structure. It focuses on developing leadership and managerial skills, as well as broadening business perspectives to enhance overall management capability of managers.



Special Training on “Building High-Performance Teams”



Special Training on the Interpretation of the New “Company Law”



Special Training on “Intellectual Property Management”



Special Training on “Safety Production Management”



Special Training on “Practicing and Inheriting Corporate Culture”



Special Training on “Project Management Practices”



Special Training on “Seal Management”

Enhancing Employee Training

The Company advocates a training philosophy centered on “training for performance, training for empowerment, and training for development.” A two-tiered training system has been established, led by both the headquarters and business units (BUs), to implement tiered training programs. In response to evolving business needs, the Company has intensified efforts in cultivating talent across innovation management, industrial digitalization, and intelligent manufacturing.



Headquarters Level

It focuses on “development-oriented training”. Leveraging the Changhong Training Center and the HR department, the Company delivers targeted training for managerial talent, critical technical professionals, highly-skilled specialists, and new employees.

BU Level

It emphasizes “empowerment-oriented training”. Training efforts are driven by business growth needs, focusing on developing professional and business management talent. Key targets include frontline managers, tier-A and tier-B talent successors, professionals, and skilled workers, with a strong focus on improving operational capabilities and business acumen, ensuring the effective execution of training initiatives.

Safeguarding Occupational Health

Safeguarding Occupational Health

The Company places great emphasis on occupational health and safety management for employees. In accordance with the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases” and the “Regulations on Occupational Health Management in Workplaces”, and in line with the principle of “joint responsibility of the Party and government, dual responsibility for each post, coordinated management, and accountability for dereliction of duty,” the Company adheres to the approach of “prevention first, combined with control” for prevention and control of occupational diseases. The Company has established and improved its occupational health management systems and operating procedures, including the “Occupational Disease Hazard Monitoring and Evaluation Management System”, the “Occupational Health Surveillance and Records Management System for Workers”, and the “Occupational Disease Prevention and Control Responsibility System”. These measures aimed at effectively preventing and controlling occupational diseases and ensuring sound occupational hygiene management.

In 2024:

the Company provided occupational health training to **242** occupational health management personnel and conducted occupational health training for **27,707** active employees. A total of **4,225** employees in hazardous positions received occupational health check-ups in accordance with law, achieving a **100%** coverage rate.

Regular on-site testing for occupational hazard factors was conducted, covering **3,143** sampling points, with a compliance rate of **100%**.



On-Site Testing for Occupational Hazard Factors



Risks, Impacts, and Opportunities

Risk/Opportunity	Description of Risk, Opportunity, and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risks	Compensation and reputation loss caused by labor disputes	Expenditure (compensation costs), assets (depreciation of brand equity) Revenue (decreased due to reputation loss)	Short term Medium term	Medium	<ul style="list-style-type: none"> Improve labor rules and regulations and strengthen training in labor laws and regulations. Establish a labor dispute mediation mechanism to resolve conflicts in a timely manner.
	Safety incidents damaged the brand's reputation	Revenue (long-term decrease due to declining market share) Assets (brand value depreciation)	Short term Long term	High	<ul style="list-style-type: none"> Formulate emergency response plans for safety accidents and strengthen investment in product safety R&D. Timely disclose the accident handling situation, to rebuild the brand image.
Opportunities	Support healthy production dividend. After the implementation of the workplace fitness program, the employee sick leave rate decreased	Revenue (increased from productivity improvement) Expenditure (relatively decreased in labor replacement costs)	Medium term Long term	Medium	<ul style="list-style-type: none"> Conduct employee skills training and team-building activities Introduce advanced employee management philosophy and techniques such as performance management systems

Advancing Workplace Safety

In 2024, the Company implemented the “Three-Year Action Plan for Fundamental Work Safety Risk Mitigation” to further reinforce the integration of development and safety in its operations.

During the reporting period:

the Company includes **12** subsidiaries certified as second-level and **5** as third-level in standardized safety production.

Additionally, **20** subsidiaries are certified under the ISO 45001 System.



Reinforcing Hazard Investigation and Control

The Group continuously strengthens the supervision of the operational safety protocols and effectively implements on-site risk control. It adheres to the principle of “tackling both the symptoms and root causes, with an emphasis on the latter”. The Group conducts special fire-safety assessments, bringing in third-party professional technical institutions to conduct special assessments on the compliance of 12 fire-control rooms in Mianyang and the compliance of the use of key buildings, striving to address key issues in fire-safety management.

In 2024:

11,372 potential safety hazards were identified across operations. The Company invested CNY **9.36** million in corrective actions, achieving **100%** rectification of all identified hazards.

Employees reported **3,229** potential hazards and were rewarded with **150,000** yuan.

Safety Training

To enhance safety management capabilities, improve employee safety awareness and skills, and promote knowledge updates, the Company organized special training initiatives including Safety Lecture Series, and programs on Environmental Protection and Occupational Health Management, with over 500 participants. The Company organized safety management personnel at all levels to participate in training focused on the interpretation of major accident hazard identification standards for industrial and trade enterprises, on-site special operation safety management, and hazardous chemical safety management for industrial and trade enterprises. A total of 334 employees attended, achieving a 100% participation rate. The Company continuously strengthens employees' professional knowledge and skills in safety. Safety education and training are integrated into all aspects of production and operations to enhance workforce competence and awareness.



In 2024, the Company organized and provided trainings for **51,013** new employees under the three-level education system, **1,932** transferred and reinstated employees, and **85,154** active employees, achieving a **100%** training coverage rate.

Emergency Safety Management

To assess the effectiveness of emergency response plans, adequacy of preparedness, the adaptability of emergency response capabilities, and the coordination of emergency personnel, in 2024, the Company conducted 136 comprehensive emergency drills, 286 specialized drills, and 302 on-site response drills, involving a total of 51,295 participants. These efforts have significantly improved employee safety awareness and emergency response capabilities.

Technology Creates a Better Life

04

“

Sichuan Changhong champions innovation-driven growth through a dual focus on internal capability-building and external collaboration. Internally, the company has established a multilayered innovation ecosystem, refined governance frameworks, and implemented performance-driven incentive structures to accelerate technological advancement. Externally, it pursues strategic partnerships in R&D and technology, fostering cross-industry synergies that have yielded breakthrough innovations and strengthened its competitive edge.

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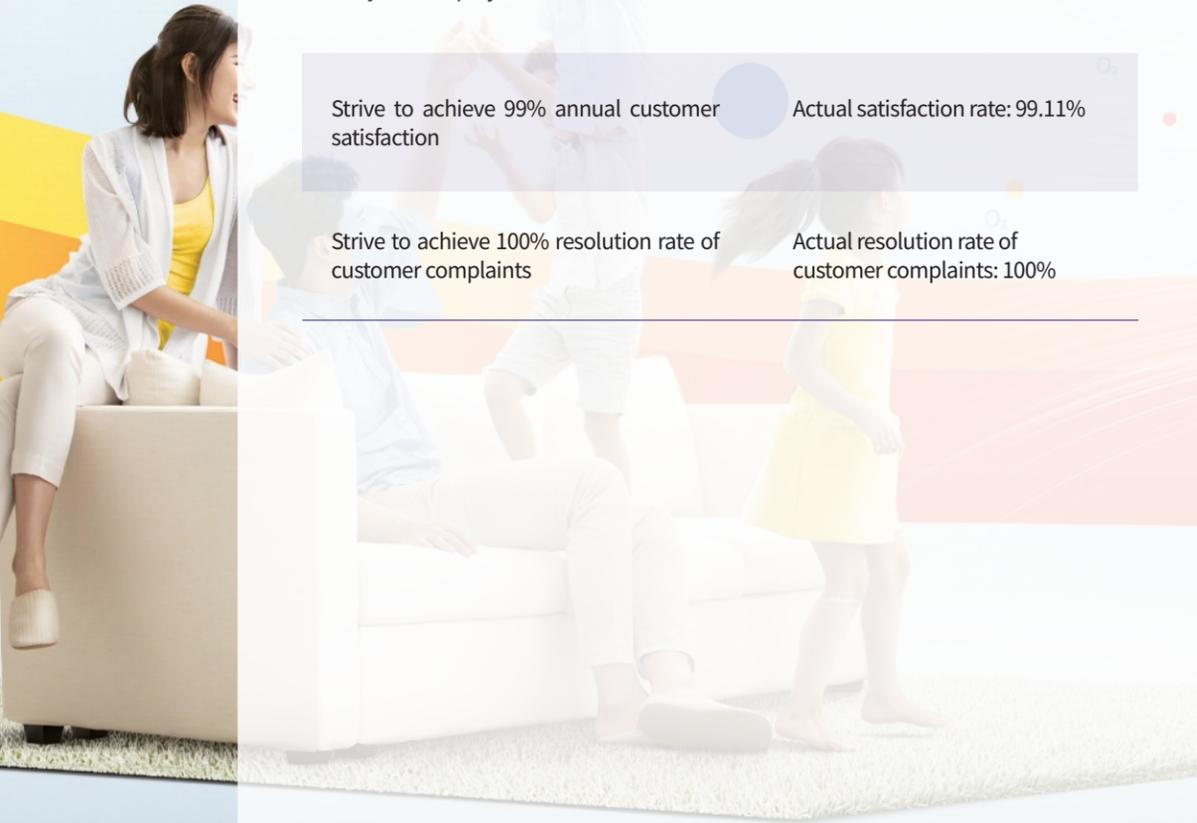
Respond to the United Nations Sustainable Development Goals (SDGs)

1--10-Year Objectives(2021-2030) Achievement of Objects in 2024

Completion rate of 2024 technical capability reserve projects $\geq 90\%$ Actual completion: $\geq 95\%$

Strive to achieve 99% annual customer satisfaction Actual satisfaction rate: 99.11%

Strive to achieve 100% resolution rate of customer complaints Actual resolution rate of customer complaints: 100%



Adhere to innovation-driven development

Technology is the foundation of Changhong, and innovation is its hallmark. The Company regards technological innovation as the core driver of its industrial transformation and upgrading, continuously optimizing management mechanisms to enhance innovation efficiency. It has developed internal policies such as the “Technological Innovation Management Measures” and “Technological Innovation Incentive Measures”, which define the overall strategy, organizational support, and project management principles and actions for technological innovation. These efforts ensure a balance between short-term operations and long-term capabilities, driving high-quality corporate development.

Governance

The Company continuously improves its governance structure for innovation-driven development. Technological innovation of the Company is coordinated by the Strategic Management Department and directly overseen by the Chairman of the Board. Dedicated R&D centers of the Company are responsible for implementing innovation strategies and carrying out specific research projects and tasks.

Strategy

The company recognizes the opportunities and challenges brought about by technological changes, continuously increases its investment in scientific research and ensures the supply of talents. It endeavors to achieve a growth of more than 10% in research and development (R&D) investment in 2025, and will allocate the increased R&D investment to product renewal, technological update, and technological reserve.

In traditional product innovation, the Company seeks to break through information homogenization, address user pain points and unmet needs, and accelerate new product R&D. It is expanding the application of artificial intelligence across products, manufacturing, and operation management to enable full integration. The Company will further improve its incentive mechanism for industrial technology innovation investment, empower business units in making bold and strategic R&D investments. It aims to accelerate the productization and commercialization of technological innovation to proactively meet evolving customer needs. Oriented toward consumers, the Company is committed to developing a portfolio of “integrated” hot product suites and delivering a number of industry-leading technological achievements both domestically and globally.

Risk, Opportunity, and Impact

Risk	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Duration	Mitigation Measures
R&D failure	Technology risks	Capability reserve projects initiated for laying out forward-looking technologies, generic technologies, and differentiated core technologies involve forecasting application potential. If forecasts are inaccurate, R&D outcomes may fall short of expectations or fail to be applied in time, resulting in R&D investment loss.	R&D investment cannot be recovered; and market expansion opportunities are missed.	Medium term	Medium	Carry out dynamic technical strategy planning with regular updates; strengthen project proposal review; establish phased investment and decision-making mechanisms to contain potential losses.

Risk	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Duration	Mitigation Measures
Patent Disputes	Patent Risk	Patents related to audio/video codecs and digital signal transmission standards in consumer electronics.	This may affect product sales domestically and internationally, resulting in reduced revenue; or excessive licensing fees beyond expectations may lead to increased product costs and adversely impact the Company's profitability.	Medium term	Medium	<ul style="list-style-type: none"> Engage with patent holders to negotiate proprietary technology and licensing scheme. Through joint negotiations by industry organizations, a better solution can be formulated. Joint solution of industry organizations: It is suggested that the industry form an alliance and negotiate together. Cost reserves: reserve costs in alignment with negotiation progress.

Opportunity	Category	Opportunity Description, Impact	Financial Impact	Impact Duration	Impact Duration	Mitigation Measures
The rise of artificial intelligence technology and robotics industry	R&D opportunity	The widespread adoption of artificial intelligence technologies is expected to provide strong technical support for the Company in reducing costs and improving operational efficiency. With the rapid development of related industries, the Company's early deployment may help establish a new growth driver.	Optimize the Company's industrial structure, enhance its competitiveness, and increase revenue or profitability.	Long term	High	Actively invest in relevant technologies; launch capability reserve projects; and promote industrial incubation and commercialization of results

Note: The definitions of impact duration and impact level in the “Chapter IV Technology Creates a Better Life.” section of this report are as follows:

1. According to the Company's sustainable development strategy, the impact duration is divided into three categories: short term, medium term, and long term. Short term refers to the period within one year (inclusive) after the end of the reporting period; medium term refers to one to five years (inclusive) after the reporting period; and long term refers to more than five years after the reporting period.

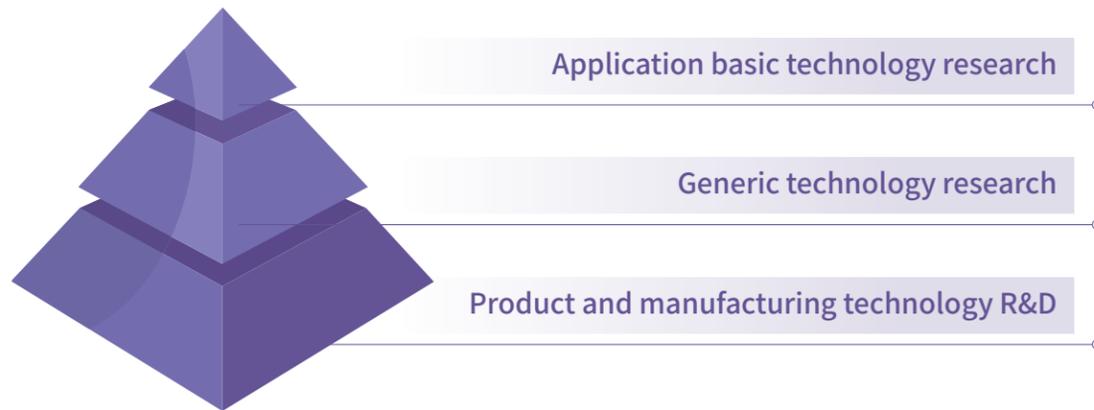
2. The impact level is categorized into three levels: low, medium, and high. A "low impact level" refers to ① currently neutral with potential future impact, or ② currently or potentially having an adverse effect. A "medium impact level" refers to currently having an adverse effect with possible negative consequences in the future. A "high impact level" refers to ① currently having a negative effect with the likelihood of strong future adverse impact, or ② a high probability of strong adverse impact either now or in the future.



Management Measures

▶ Building a Technological Platform System

The Group is committed to continuously enhancing its innovation capabilities by upholding a strategy of "independent innovation + collaborative innovation" and improving a three-tier technical framework covering application basic research, generic technology research, and product and manufacturing technology R&D. In 2024, the Company optimized its headquarters' technical system, deepened research on generic technologies, and enhanced technological empowerment and support for the industry.



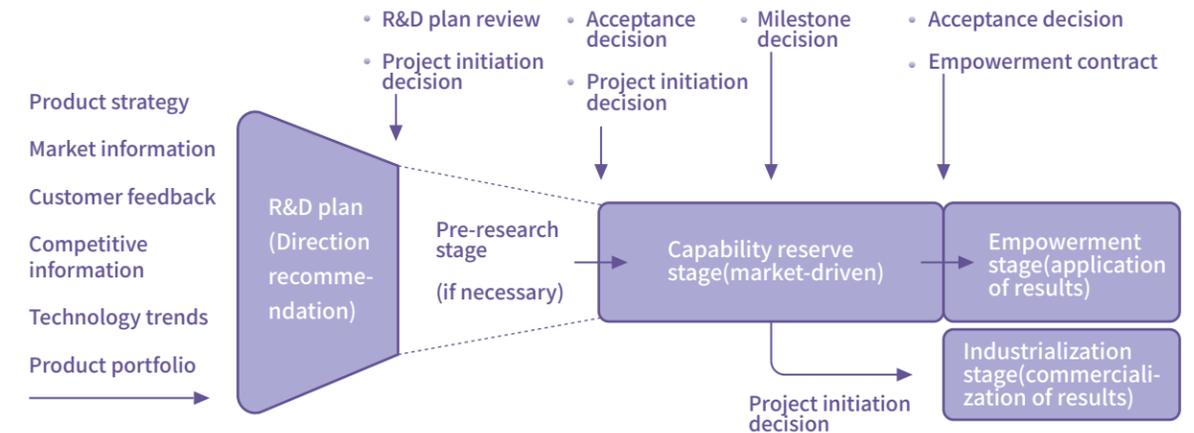
The Group has established an **Advanced Technology R&D Center** to support the incubation of emerging industries such as robotics and to carry out basic technology research on forward-looking application.

The Group has established an **Artificial Intelligence Laboratory** and a **Cloud Computing and Big Data Research Center** to strengthen technical coordination with the Digital Business BG, driving research in AI application scenarios and digital factory solutions.

The Group has established over 20 industrial support platforms including an **Innovation Design Center** and a **Smart Home R&D Center**, including leveraging technical capabilities to enhance product competitiveness across industries.

▶ Improving Technology Project Management

The Company has issued the "Technical Platform R&D Project Management Measures" and "Technical Platform Performance Management Measures" to continuously improve its technology platform project management system. It enhanced the orientation of "market orientation and self-sustaining nature of R&D", strengthening project management from the aspects of project initiation and performance evaluation to enhance output quality. The Company has established a comprehensive R&D project management process, forming a PDCA cycle that includes goal setting, process control, performance evaluation, and continuous improvement.



▶ Strengthening Scientific and Technological Innovation Collaboration

The Group has built diverse channels for scientific and technological innovation collaboration, deepening industry-university-research partnerships and accelerating the transformation of innovation outcomes

It has established an industry-university-research cooperation ecosystem with over **20** universities, **10** research institutes, and more than **80** business partners worldwide.

Additionally, it has established more than **20** joint laboratories, joined over **40** associations and industrial alliances. By fostering an extensive resources-based collaborative innovation ecosystem, the Company improves innovation collaborative efficiency and drives industrial optimization and upgrading.

▶ Increasing R&D Investment

The Group remains steadfast in advancing scientific and technological innovation, achieving breakthroughs in key technology areas through strategic foresight and sustained investment, and securing numerous core patents and cutting-edge results. By the end of 2024, the Company had 14 national and provincial enterprises which are specialized, refined, differentiated and innovative. 16 high-tech enterprises, 2 national technology centers, 2 national industrial design centers, 3 ministerial-level innovation centers, platforms or bases, and 4 provincial engineering laboratories, research centers, or support hubs.



Smart TVs

The Company focuses on core technologies such as AI voice, large models, and Mini LED, and deepens cooperation with industry partners in areas like AI models, cloud services, and smart home systems to drive AI TV innovation breakthroughs. The world's first AI TV powered by the "Canghai Intelligent Agent" supports multi-turn dialogue, deep contextual understanding, AI medical consultation, AI painting, and other intelligent features, significantly enhancing user experience. The ARTIST Art TV won the AWE 2024 Best Product Award. The "Key Technologies and Applications of Integrated Light Field 3D Display" project was awarded the Second Prize for the National Technological Invention Award.



Air Conditioners

Changhong Air Conditioner has developed key technologies including refrigerant system condition awareness, topology optimization simulation, and AI-driven cloud energy saving around core technologies such as variable frequency, simulation, and AI. Based on the "AI + airflow sensing, air outlet, and air control" product line strategy, new models are equipped with AI precision control and smart self-cleaning with sterilization. Product lines have been upgraded with 360° dust-free double-wing wall-mounted units and panda-style smart cabinets. The brand also launched the industry's highest energy-efficiency air conditioner unit, continuously upholding the Changhong Air Conditioner brand philosophy of "Exquisite Craftsmanship, Comfort in Every Degree."



Refrigerators & Freezers

Through precise control of market trends and research on the preferences of consumer groups, Changhong Meiling has been adhering to the product upgrading concept of "freshness, thinness, narrowness, and built-in integration". It has been committed to continuously enhancing the competitiveness of its products. In 2024, it continued to strengthen the product business cards of "Meiling Freshness", "Meiling Thinness", "Meiling Narrowness", and "Meiling Built-in Integration".



Washing Machine

Changhong Meiling has deeply explored users' needs, rapidly enhanced its strength in core technology fields, and made its product layout more complete. On the basis of the hand-washing series of drum washing machines, it launched the "Blue Ozone Hand-washing-like" series of products. In terms of pulsator washing machines, it further enriched the lineup of the "Hercules" series products and created featured products with stronger brand recognition.



Refrigerator Compressor

Changhong Huayi has achieved breakthroughs in key technologies such as inverter energy efficiency improvement, GaN material application, and high-reliability compressor structure design. Its independently developed "VTN Series" ultra-high-efficiency inverter compressors deliver industry-leading performance and have been recognized as Excellent New Industrial Products in Zhejiang Province. At the 2024 China Light Commercial Refrigeration Annual Conference, the Cubigel NMD Series R290 inverter compressor was officially launched with a COP of 1.95 W/W—setting a new benchmark in energy efficiency. It features high efficiency, low noise, and intelligent tuning, making it the preferred solution for the European C-Class energy standard and China's new Grade 1 energy efficiency standard for commercial refrigeration equipment.

ICT Services

Changhong Galaxy actively lays out emerging directions such as cloud computing, artificial intelligence computing centers, digital security, the metaverse, and low-altitude economy. Relying on its own technical service capabilities, it integrates a rich product portfolio and solutions, and provides a variety of industry solutions and scenario-based solutions. Changhong Galaxy offers one-stop multi-cloud infrastructure integration products and solution services, accompanying partners and customers throughout the entire process from cloud consulting, cloud planning to cloud migration, cloud operation and maintenance, and cloud security management. It customizes solutions for going to the cloud and operating on the cloud to ensure that partners and customers can maximize the effectiveness and value in the application of cloud technologies.

▶ Digital Transformation

The Group continues to advance its digital transformation efforts to enhance intelligent manufacturing capabilities. Leveraging the industrial internet, the Group promotes the optimization of CMF (Color, Material, Finish), establishes a CMF joint laboratory, and builds a comprehensive sample library for spraying, electroplating, and oxidation processes. It has also increased investment in precision mold technologies, enabling mass production of laser-textured molds combined with fabric-like spray effects—thereby achieving precision manufacturing capabilities for PC-based products.

The Group is accelerating its “intelligent and digital transformation” initiatives and actively building an internet service ecosystem in the Sichuan-Chongqing region.

Throughout the year, more than **120** key equipment renewal projects were implemented with an investment exceeding CNY **600** million. The Changhong “5G + Industrial Internet” customized smart display factory was selected as one of the first batch of national-level outstanding smart factories.

Relying on our self-developed, first-in-Sichuan cross-industry and cross-domain industrial internet platform, we developed replicable solutions for over **60** scenarios such as manufacturing execution and warehouse logistics, cumulatively serving nearly **3,000** SMEs.

Intellectual Property Protection

The Company complies with regulations such as the “Enterprise Intellectual Property Management” and the “Intellectual Property Management Manual”, establishing a comprehensive IP management system to ensure efficient operation. Four policies including the “Patent Management Measures” and “Patent Risk Management Measures” were implemented to build a patent management framework and risk control mechanism. These standardize patent application processes, patent valuation criteria, and establish an IP incentive system to protect employee inventors' rights. The Company strictly adheres to principles of respecting IP rights and avoiding legal risks to safeguard corporate and investor interests.

In 2024:

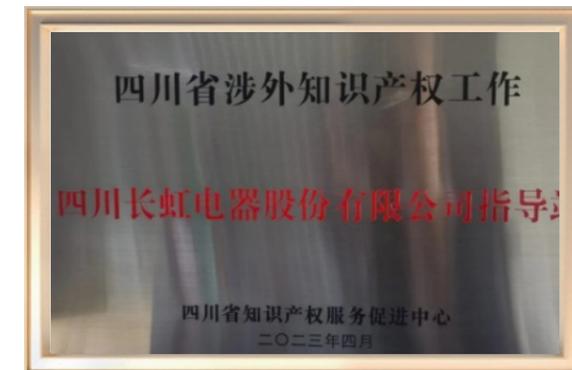
the Company filed **1,322** new patent applications and obtained **843** grants, including **324** invention patents.

As of December 31, 2024, the total valid patents reached **8,520**.

Indicators	Unit	2022	2023	2024
Authorized patents	Number	1,338	842	843
Authorized invention	Number	606	342	324
New patent applications	Number	1,226	1,268	1,322

Establishing a Cross-Border IP Service Hub

As an international IP workstation in Sichuan Province, the Company leverages the "Sichuan Changhong Guidance Station" to create a cross-border IP service hub. In collaboration with government and industry organizations, it provides international IP training and exchange programs for SMEs in Mianyang. The company has listed 7 intelligent manufacturing and new material patents on the National Intellectual Property Operation Platform, offering free first-year access to support SME technological innovation and achievement promotion.



Conducting IP Training

Through specialized events like World Intellectual Property Day and National Intellectual Property Publicity Week, the Company organizes IP training and publicity campaigns for technical and IP personnel to enhance their innovation capabilities and IP protection awareness.

Big Data Search & Analysis

The Company employs big data search and analysis technologies to actively build an IP rights monitoring system for effective IP protection.

► Objectives and Progress

Indicators	Targets for 2024	Reporting Period Achievement
Technical capability reserve project completion rate	≥ 90%	≥ 95%

Emphasizing Technology Ethics

The Group prioritizes technology ethics management. The technical teams adhere to the values of ethical innovation, human-centricity, and societal benefit in areas involving user research, information security, and robotics applications. During project reviews, it emphasizes risk identification and analysis, implementing preventive measures for potential ethical risks to ensure timely intervention and correction. This guarantees the compliance and ethical integrity of all technological activities. Recognizing the critical importance of technology ethics, the Company will continue to develop and implement relevant policies based on R&D project requirements, establish a Technology Ethics (Review) Committee, conduct regular inspections, evaluations, and corrective actions for ethics compliance, and promote ongoing ethics training and publicity initiatives.

Optimizing Product & Service Quality

Sichuan Changhong upholds the quality philosophy of "Customer First, Excellence, Intelligent Manufacturing, and Innovation Leadership". The Company strictly complies with Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Product Quality Law of the People's Republic of China, and has implemented the Service Quality Management Measures.

Governance

The Group implements stringent control over product and service quality by establishing a comprehensive, multi-level quality management system. The headquarters has set up a quality management department to oversee all aspects of product and service quality management. Additionally, the Company has established specialized product testing centers and after-sales service entities dedicated to product inspection and post-sales support, ensuring reliable and high-quality products and services for customers.

Risk, Opportunity, and Impact

Risk/ Opportunity	Risk/ Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risk	Product recalls & compensation due to quality issues	Expenditure (recall costs, compensation) Revenue (decline due to customer attrition)	Short term	High	<ul style="list-style-type: none"> Implement strict quality control from raw materials to finished products. Purchase product quality insurance to transfer risk.
	Poor service quality causing complaints and customer loss	Revenue (decline) Expenditure (complaint handling costs)	Short term Medium term	Medium	<ul style="list-style-type: none"> Enhance staff service training and establish rapid complaint response mechanism. Regularly collect customer feedback for service improvement.
Opportunity	Enhanced satisfaction/loyalty through superior products/services	Revenue (growth from repeat purchases & referrals)	Medium term Long term	Medium	<ul style="list-style-type: none"> Implement customer satisfaction surveys and incentive programs. Continuously optimize product and quality standards.
	Market premium through quality leadership	Revenue (growth from price premiums)	Short term Medium term	Medium	<ul style="list-style-type: none"> Increase R&D for differentiated high-quality products. Conduct branding campaigns highlighting quality advantages.



Management Measures

Product Quality Management

The Company implements advanced quality management tools and methodologies and control systems, driving quality benchmarking and QC project improvements. With user quality requirements as the guide, business unit quality control as the core, headquarters quality supervision as the driver, and market quality regulation as support, it fosters sustained quality enhancement for products and services through vertical collaboration and horizontal coordination.

Establishing a Quality Management System

The company has developed a three-tier quality management mechanism based on the ISO9001 Quality Management System, supported by quality manuals, procedural documents, and management standards. During the reporting period, the quality management systems covering various products/services, including televisions, air conditioners, electronic components, packaging, parts, software, and warehousing/transportation, successfully passed surveillance reassessments and scope extension audits by accredited certification bodies.



Quality Management System Certification

Quality Certification & Testing

The Group completed energy efficiency filings for 248 flat-panel display models, obtained energy-saving certification for 39 product series, and secured eco-label certification for 15 products. For appliances and components under mandatory certification, the Group implements compulsory testing and audits, achieving CCC certification for all regulated products, including 187 air conditioner models. All sampled products (including flat-panel TVs and room air conditioners) passed random inspections by national and local market regulatory authorities, demonstrating 100% quality compliance.

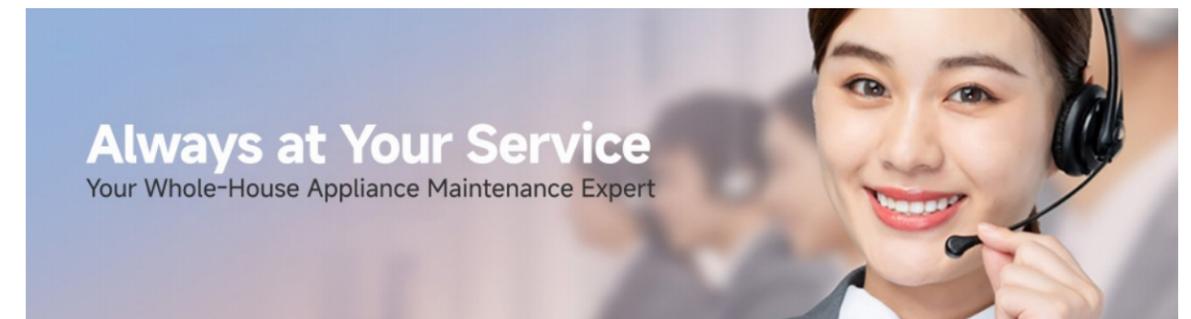
Quality Management Achievements

By the end of the reporting period, 79 quality improvement initiatives of the Group were recognized as national, ministerial, provincial, or municipal excellence projects. The Company was jointly awarded the title of the "Outstanding Quality Management Enterprise in Sichuan" by the Sichuan Quality Association and Sichuan Provincial Federation of Trade Unions. From 2022 to 2024, the Company's television products maintained 100% compliance in national market quality supervision spot checks for three consecutive years.

In 2024, the Group recorded zero product recalls, no negative product/service incidents, and zero product quality/safety incidents.

Customer Service & Rights Protection

The Group upholds the service philosophy of "putting users at the center of everything", implementing its "never delay a single minute" service pledge and pursuing the goal of "exceeding customer expectations". It has established "Service Standards Manual" and related management policies, a comprehensive service quality assurance system, and thoughtful service processes and robust rights protection mechanisms. These measures ensure customers experience respect and care, achieving full-spectrum satisfaction enhancement.



Enhancing After-Sales Service Mechanisms

The Group has established a robust after-sales framework grounded in standardized systems and efficient resolution processes to fully protect user rights. It has stipulated policies including "User Complaint Management Measures" and "Product Return and Exchange Procedures", clearly defining accountability for complaint handling and standardizing resolution workflows.

After-Sales Complaint Resolution Mechanism

The Group implements a multi-platform complaint collection system for rapid categorization and closed-loop management. It collects customer-posted after-service feedback and negative after-service reports from market regulators through call center platforms, internet platforms, public opinion monitoring systems, E-commerce platforms, and other digital channels. All data is systematically integrated into the complaint management process. In 2024, the Company achieved an after-sales service customer complaint rate of 0.19% and complaint resolution rate of 100%.

Leveraging the Company's national service network, Changhong Kuaiyidian has established an end-to-end home appliance service system covering pre-sales, in-sales, and after-sales processes, providing one-Stop solutions including installation, maintenance, health inspections, and extended warranties. This ensures consumers receive efficient and convenient service experiences. The Company received 12-Star Certification for After-Sales Service System Completeness, reflecting its optimized service processes and professional technical support.



Changhong Kuaiyidian After-Sales Service System Certification

After-Sales Warranty Services

The Group adheres to transparent service policies, publicly disclosing Three Guarantees details and standardized procedures in the official website's "Service" section, with AI customer service for immediate repair requests. A tiered response mechanism and quality traceability system ensure lifecycle service fulfillment for repair timeliness and part replacements. Users can check product-specific warranty terms and claim procedures on the website.

The Company continuously optimizes its digital service platform development, ensuring comprehensive protection of consumer rights through dual safeguards of transparent service terms and high-efficiency response mechanisms.

After-Sales Service Hotline

The Company has established national unified service hotlines: 400-811-1666 / 400-611-1666, centralized after-sales information system, and the "Changhong Service" WeChat official account, comprehensively handling inquiries, repair requests, and complaints through user self-service portals, online customer service, and phone support. It has built 4,000+ service outlets with 15,000+ star-rated service engineers providing 24/7 services.



It has built **4,000+** service outlets with **15,000+** star-rated service engineers providing **24/7** services.

Optimizing Logistics Service

The Group's Changhong Minsheng Logistics leverages digital platforms and IoT technology to enable end-to-end visual control of transportation and warehousing, effectively reducing logistics losses and enhancing quality stability. Regarding transportation safety, the Company deploys 4D video monitoring systems, and integrates AI behavior recognition for real-time driver hazard alerts, providing dual safeguards for personnel and cargo security. Simultaneously, through its GPS data cloud platform, the Company has established an intelligent dispatching system to dynamically monitor route deviation risks during transportation and implement manual interventions. The warehousing process is regulated through real-time monitoring of RDC(Regional Distribution Center) storage areas, standardizing the storage and handling operation procedures of goods. In 2024, the Company's customer service exceeded 100 clients, leveraging technology to build a green, safe, and efficient modern logistics service system.

Customer Satisfaction Survey

To continuously monitor customer satisfaction and enhance customer recognition of the brand and products, the Group has established several management systems including the Company Customer Satisfaction Evaluation and Control Procedure, Installation and Repair Service Quality Inspection Management Measures, and Customer Satisfaction Survey Management Measures. It employs various methods such as regular spot checks, post-repair follow-ups, periodic satisfaction measurements, and on-site visits to continually understand customer perceptions. Internal improvement measures are implemented to consistently meet customer needs. From 2022 to 2024, over 7 million samples were collected through service satisfaction surveys, with a customer satisfaction rate of 99.10%.

Indicators	Unit	2022	2023	2024
Customer satisfaction rate	%	99.00	99.20	99.11
Complaint resolution rate	%	100	100	100



Advancing Responsibility for Social Well-being



Sichuan Changhong has built a stable and reliable supply chain system to promote the coordinated development of upstream and downstream industries within the industrial chain. Upholding the principles of fairness and justice, the Company works hand in hand with small and medium-sized enterprises to progress together. Actively participating in the rural revitalization strategy, it contributes to achieving common prosperity. With enthusiasm for public welfare, Sichuan Changhong gives back to society in various ways. Furthermore, the Company strengthens its information security defenses to safeguard user data security. It insists on integrity in business operations and conducts responsible marketing and promotional activities. The Company embodies its corporate mission through concrete actions, contributing to the promotion of high-quality economic and social development, enhancing the wellbeing of the people, and building a harmonious society.



Respond to the United Nations Sustainable Development Goals (SDGs)

1--10-Year Objectives(2021-2030)

Achievement of Objects in 2024

Call on upstream and downstream partners to jointly conserve energy and reduce carbon emissions. By 2030, require 100% of suppliers to commit to fulfilling social responsibility in supplier access principles

Company Consumer Business Unit suppliers achieved 100% commitment to fulfilling social responsibility

Monitor and evaluate suppliers' fulfillment of social responsibility, focusing on material upgrades, structural optimization, and energy consumption reduction to drive iterative upgrades of green products

Continued to monitor and evaluate suppliers' social responsibility performance this year

Annual dedication to social welfare initiatives to demonstrate accountability

The Group organized and participated in social welfare activities across Sichuan, Guangdong, Anhui, and other regions

Support rural revitalization by helping develop local characteristic industries and increase residents' income

Invested more than CNY 9.61 million in rural revitalization this year, ensuring precise and effective implementation of support measures



Building a Transparent Supply Chain

Sichuan Changhong utilizes a digital-intelligent supply chain system to manage suppliers throughout the entire lifecycle, from sourcing and access to ongoing management. The Company has established core regulations including the Supplier Sourcing and access Management Standards and the Supplier Risk Management Standards. It implements a dual review mechanism for supplier qualifications and capabilities. As part of the supplier access criteria, suppliers are required to commit to fulfilling social responsibilities. Sichuan Changhong monitors and evaluates suppliers' performance in terms of social responsibility to support the sustainable development of the supply chain.

Supply Chain Management

Governance

The Group is fully committed to enhancing supply chain safety governance and building a secure and sustainable supply chain system. The Company has established a supply chain management center to comprehensively oversee the management of the supply chain.

Risk, Opportunity, and Impact

Risk/ Opportunity	Risk/ Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Risk	Production stagnation caused by supplier disruption	Revenue (decrease) Expenditure (additional increase)	Short term Medium term	Medium	<ul style="list-style-type: none"> Establish a diversified supply mechanism and regularly assess supply risks. Establish safety stock and optimize inventory management strategies.
	Fluctuation of raw material price	Expenditure	Short term Medium term	Medium	<ul style="list-style-type: none"> Sign long-term price agreements with suppliers. Enhance market price monitoring and adjust procurement strategies.
	Logistics disruptions delaying deliveries	Revenue (decline) Expenditure (increase)	Short term	Medium	<ul style="list-style-type: none"> Diversify logistics channels via multi-carrier partnerships. Establish contingency protocols for disruptions.
Opportunity	Supply chain optimization	Expenditure	Medium term Long term	Medium	<ul style="list-style-type: none"> Implement supplier performance evaluations. Advance supply chain digital transformation for operational efficiency.
	Resilient supply chain attracting premium clients	Revenue	Medium term Long term	Medium	<ul style="list-style-type: none"> Strengthen the publicity of supply chain risk management to demonstrate resilience. Develop customized supply chain solutions for key accounts.

Management Measures

Supply Chain Risk Management

To strengthen supplier oversight and effectively mitigate risks, the Company implements multi-dimensional risk control measures. The Group has established a comprehensive risk management system covering stringent controls over supplier access, multi-dimensional credit assessments, and blacklist management.

In 2024, the Group advanced the implementation of stringent supplier access control and warning systems across 18 business units. This initiative achieved comprehensive credit screening for all qualified suppliers, conducted risk inspections on 1,033 suppliers with a completion rate of 100%, and successfully avoided collaboration with 25 high-risk suppliers. Additionally, the Company incorporated a total of 69 material and service suppliers into its annual blacklist management system.

Furthermore, the Group prioritizes suppliers' performance in environmental protection, green practices, energy efficiency, and material recycling. Through regular risk assessments, the Group establishes safety stock thresholds and monitors inventory dynamics in real-time to ensure supply chain stability.

Procurement Management Optimization and Supervision

The Group continuously optimizes procurement management and approval processes, dynamically adjusts procurement contract templates, and improves key procurement approval stages to enhance procurement efficiency and professional capabilities. In 2024, the Company optimized 4 categories of contract templates and conducted 15 on-site exchanges to strengthen business collaboration.

Additionally, communication channels for business inquiries and problem resolution were streamlined to provide real-time supply chain-related business support to subordinate industrial units. Enhancements were made in system operation checks and business supervision. By the end of 2024, inspections and supervision were completed for 25 units, achieving 113% of the annual target. Immediate corrective actions were urged upon discovery of any issues, effectively promoting management improvements.

Building a Smart Supply Chain

Leveraging the integration of digital intelligence, the Group has constructed an intelligent management system encompassing 7 major modules and 43 functionalities, including open sourcing, access certification, supplier relationship management, among others. This system enables the embedding of business processes into a digital platform throughout the entire workflow.

The utilization of an intelligent interaction platform enhances the efficiency of supplier sourcing, accelerates the certification of new suppliers' qualifications, and facilitates their digital registration. In 2024, the "Supplier Sourcing" module of the SPSC system published over 200 pieces of information, added registrations for 5,784 new suppliers, with 87.31% of them having completed the coding process.

Furthermore, the Company has comprehensively implemented electronic agreement management, achieving online signing and dynamic tracking of commercial, technical, and quality agreements throughout the entire process. The management of suppliers, procurement needs, pricing, contract signing, settlement, and other full-chain activities are now operated online with visual tracking, significantly enhancing management efficiency and supply chain collaboration capabilities.



Strengthening Communication with Suppliers

The Group continuously enhances communication and exchanges with suppliers by organizing ongoing engagement activities. In 2024, the Group took the lead in hosting the Changhong Core Supplier Conference themed "Digital-Intelligent Integration • Industrial Empowerment • Pioneering Progress". Over 400 participants, including representatives from more than 100 domestic and international suppliers and attendees from the home appliance supply chain units, gathered in Mianyang to jointly discuss development strategies, strengthen communication, and enhance collaboration.



Throughout 2024, a total of 6,854 suppliers were involved in procurement activities with the Group, among which 6,814 were domestic suppliers, accounting for 99.42% of the total number. The localization ratio of domestic suppliers reached 63.72%.

Key Indicators	Unit	2023	2024
Total suppliers	number	5,792	6,854
Domestic supplier percentage	%	99.83	99.42
Percentage of the number of local suppliers to the number of domestic suppliers	%	63.51	63.72
Percentage of local procurement amount to domestic procurement amount	%	66.83	57.79

Conducting Procurement Personnel Training

The Group is committed to continuously enhancing the professional capabilities of procurement teams. During the reporting period, a total of 408 individuals applied for professional qualification certification in procurement, with a cumulative total of 535 employees obtaining procurement qualifications. The Company adopts a training model that combines both online and offline methods, covering core content such as corporate standard regulations and risk prevention and control in key business segments. Approximately 900 person-times have been trained cumulatively. Notably, the average annual training duration per employee in the supply chain management department reached 37 hours.

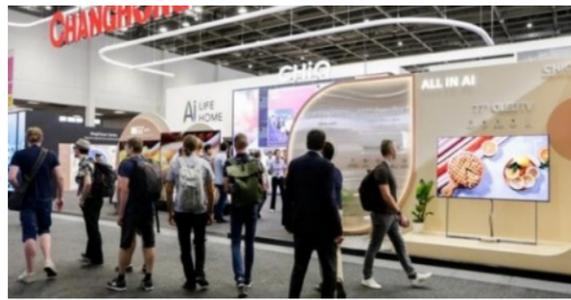
Objectives and Progress

Sichuan Changhong actively responds to the green transformation of the supply chain by incorporating the goal of "promoting coordinated carbon reduction among upstream and downstream partners" into its strategic planning for 2021-2030. The Company mandates that a 100% social responsibility commitment mechanism be embedded in the supplier access process. As of this year, the Consumer Business Unit has achieved full coverage of social responsibility commitments from its suppliers. The Company conducts focused oversight across material innovation, structural design optimization, and energy consumption control to drive suppliers towards technological upgrades and the iteration of green products. Concurrently, Sichuan Changhong is building a digital monitoring platform to enhance transparency and management throughout the process, laying a solid foundation for achieving the Company's ESG strategic goals by 2030.

Promoting Industry Development

The Group actively participates in domestic and international industry exchanges and cooperation, showcasing its technological strength to promote technical exchanges within the industry, facilitate industrial upgrades, and lead consumption trends.

During the reporting period, the Group was deeply involved in globally influential industry events such as the AWE (Appliances & Electronics World Expo), IFA (Internationale Funkausstellung Berlin), Canton Fair, as well as key regional exhibitions like "Mianyang products out of Sichuan" and the Sichuan-Chongqing Time-honored Brands Carnival. These participations provided a comprehensive display of the Company's latest technological breakthroughs and product innovations in areas such as AI home appliances and energy-efficient appliances. By doing so, it reinforced the technological influence of "Tech Changhong", continuously leading new trends in smart home appliance consumption.



Sichuan Changhong at IFA 2024 in Germany



Sichuan Changhong at AWE



Integrity in Procurement

The Company has established and enforced the “Basic Management System for Material and Service Procurement” and the “Procurement Personnel Conduct Management Standards” to regulate procurement activities according to the principles of fairness, justice, openness, and integrity. These measures clearly define the criteria that procurement personnel must adhere to during procurement management and business processes. Specifically, the Company has institutionalized the handling methods for supplier inquiries and complaints, as well as the supervision and evaluation standards for procurement activities. This is aimed at continuously reinforcing a culture where corruption is deterred, prevented, and ultimately discouraged among all employees involved in the procurement system. The goal is to build a transparent supply chain and resolutely eliminate any corrupt practices.

In terms of integrity risk prevention and control

the Company has expanded the scope and depth of integrity education. This includes one integrity education session for all heads of the procurement system across the entire Group, 22 biweekly specialized integrity education sessions specifically targeting procurement activities, and over 30 real case sharing. The Company highlights potential integrity risks in procurement work, and sets up suggestion boxes to collect public opinions monthly. Moreover, through continuous integrity education activities, the Company promotes awareness of laws, regulations, and internal integrity systems, especially conducting integrity warnings within the supply chain system twice during major holidays.

Regarding job rotation and conflict of interest declarations

to maintain a transparent procurement environment and foster a clean working atmosphere, in 2024, 236 procurement staff from 50 subsidiaries underwent job rotation, and 3,935 individuals completed conflict of interest declarations from 50 subsidiaries.

During the reporting period, the Company conducted integrity investigations on 790 suppliers monthly and widely implemented listening and questioning activities on integrity. This year, the Group received eight suggestions with no reported integrity issues.

Procurement Oversight:The Company maintains 188 transparent procurement monitoring channels, with established oversight and appeals mechanisms. Suppliers may file complaints or appeals through the following channels:



Procurement oversight email:cgjc@changhong.com



Procurement oversight phone: 0816-2417561



Supply chain platform appeal: Suppliers can submit relevant information through the "Supplier Appeal" section on the Smart Supply Chain Platform (website address: <https://ecmp.changhong.com>).

Equal Treatment of SMEs

The Group deeply understands the importance of collaborative development with small and medium-sized enterprises (SMEs). It always upholds the principles of equality, mutual benefit, and win-win cooperation, actively building harmonious and symbiotic partnerships with SMEs. The Company ensures the legitimate rights and interests of SMEs and helps enhance their development capabilities by establishing a fair and transparent procurement mechanism, providing technical support and resource sharing, and strengthening communication and exchanges. It is committed to working together with SMEs to jointly build a healthy, stable, and sustainable industrial ecosystem.

During the reporting period, the Group strictly adhered to relevant legal requirements, maintaining a "zero" record of adverse credit entries in authoritative regulatory systems such as the National Enterprise Credit Information Publicity System.

Promoting Rural Revitalization

In 2024, the Group, with a high sense of political responsibility and mission, actively fulfilled its corporate social responsibility. Focusing on underdeveloped areas within Sichuan Province, the Company systematically planned and implemented multiple measures to carry out a series of effective assistance projects in various aspects such as education, talent, industries, organizations, and culture.

Poverty Alleviation & Rural Revitalization Projects	Quantity/Content	Details
Total investment (CNY 10,000)	More than CNY 10.51 million	The Company donated CNY 1 million as an education assistance fund to the supported areas, invested CNY 1.4 million in conducting educational travel activities, allocated CNY 210,000 for training village-level backbone staff, and cumulatively purchased and sold over CNY 7.9 million worth of agricultural specialty products from poverty-stricken areas.
Beneficiaries (person)	6,106	203 teachers received training; 252 students participated in educational travel activities; 68 village-level backbone personnel were trained; 5,583 individuals from underdeveloped areas were supported through the purchase and promotion of local agricultural products.

▶ Establishing a Long-term Assistance Mechanism for Common Development

Strengthening organizational leadership and overall planning: Establish a leadership group for assistance work headed by the chairman, and build an assistance mechanism featuring company decision-making coordination, labor union-led implementation, and collaborative advancement by industrial units. Formulate and implement a series of assistance plans, clarifying assistance goals, approaches, and measures. Allocate special funds annually to support assistance projects, and regularly dispatch company employees to carry out on-site village assistance work.

Strengthening planning guidance: By formulating the "Baseline Assistance Plan for the Revitalization and Development of Underdeveloped Areas", the "Baseline Assistance Work Plan for the Revitalization and Development of Underdeveloped Areas (2024-2027)", and the "2024 Targeted Assistance Plan for the Development of Pingwu County" among other assistance work plans, guide the efficient implementation of assistance efforts.

Deepening government-enterprise communication and collaboration: The Company conducts multiple field visits to the assisted areas, engaging in in-depth communication with the local government to understand their needs, jointly discuss the direction, priorities, and measures of assistance, and strengthen government-enterprise collaboration.

Promoting joint organizational building: Multiple departments and subsidiaries within the Company engage in pairing partnerships with assisted villages. Through collaborative organizational building and co-hosted activities, they help enhance the grassroots construction and rural governance levels in the assisted areas.



Comfort items were distributed to disabled children



Home visits to promote compulsory education for nine years and control dropout

▶ Implementing Effective Measures to Ensure Tangible Results in Baseline Assistance



Balancing Direct Support and Capacity Building to Enhance Industrial Development Capabilities

- Supporting sales to promote production expansion and upgrading of agricultural and pastoral enterprises. In 2024, the Company facilitated the sales of agricultural specialty products through Spring Festival sales events and internal purchase fairs. These products were distributed as employee holiday benefits, significantly contributing to the production expansion and quality improvement of local agricultural and pastoral enterprises.
- Integrating resources to strengthen and supplement industry chains. The Company took the initiative to study the agricultural strategic plans of Seda County, and facilitated assistance partnerships to complete the vegetable cultivation industrial chain and establish an off-season vegetable full-industry-chain support model. It implemented a market-based sales approach for Seda County's vegetables and other agricultural products, promoting rapid, healthy development of plateau off-season vegetable cultivation.



Providing Multi-Path Education Support for Talent Development

- In 2024, the Company donated CNY 1 million as an education assistance fund, helping to train 203 teachers from Seda County. This initiative aims to effectively establish pre-school education and compulsory education teaching systems. Additionally, the Company invested over CNY 1.4 million to organize "Colorful Changhong" winter and summer camps for a total of 252 teachers and students in four program sessions across Mianyang, Chengdu, and Beijing.



Cultivating New Civil Trends to Improve Living Conditions

- In the assisted villages, the Company conducted evaluations for sanitation standards, elderly care practices, economic development, law compliance, and integrity and kindness, and awarded 90 exemplary families with blankets and certificates; allocated CNY 100,000 for 9 assisted villages across 2 counties to fund autumn education grants, primary school enrollment awards, Party member welfare, and poverty-alleviation monitoring household support; distributed CNY 240,000 worth of supplies to all households in assisted villages, provided essential aid during extreme cold seasons.

Promoting High-Standard Farmland Construction and Maintenance to Strengthen Rural Revitalization

Building high-standard farmland is a critical measure to ensure national food security and advance agricultural modernization. Changhong Yunshu Company actively responds to the national strategy by leveraging technological innovation, applying digital-intelligent technologies to empower agriculture, thereby supporting the intelligent construction and meticulous management of high-standard farmland.

It utilizes three core technologies to aid in the construction of high-standard farmland:

Development of an efficient integrated water-fertilizer irrigation system: Centered around the "Cloud Agricultural Park Platform", this system integrates crop growth models with data analysis to achieve precise irrigation and fertilization. This increases the efficiency of water and fertilizer use while improving soil conditions.

Construction of an agricultural Internet of Things (IoT): It provides new infrastructure technology support for farmland. By using sensors and the "Cloud Agricultural Park Platform", it enables real-time monitoring of key data such as field environment, soil quality, and crop growth. This facilitates remote monitoring, diagnostics, and precise management.

Establishment of a comprehensive management system for high-standard farmland: It achieves full visualization of farmland information, planting processes, disaster prevention and control, and yield. It also provides farmers with traceability services from planting to sales, ensuring transparency and accountability throughout the agricultural process.



Digital and intelligent farmland

► Rural Revitalization Assistance Cases of Subsidiaries in 2024

Sichuan Changhong Package & Printing supported rural revitalization by purchasing CNY **185,000** worth of meat and vegetable products from Pingwu County throughout the year.

In September 2024, Sichuan Hongxin Software purchased **612** boxes of yak jerky from herders, addressing the problem of unsold agricultural products for some farmers and ensuring a stable income for them to a certain extent.

Sichuan Changhong Precision Electronics Technology spent CNY **95,000** on purchasing agricultural products from Pingwu County, Mianyang City; during the Mid-Autumn Festival, it purchased CNY **112,000** worth of plateau yak meat sets as the gifts for frontline staff; it also purchased CNY **26,800** worth of tea from Pingwu County for a "Summer Coolness" campaign during high temperatures.

Sichuan Changhong Component Technology purchased CNY **395,300** worth of designated assisted agricultural products through a "purchase instead of donation" approach throughout the year.

Changhong Huayi Compressor made targeted purchases of local specialty agricultural products such as "sugar-heart apples", pears, rice, and cooking oil from Mao County in Sichuan, Jingdezhen, and Yunyang in Hubei, for employee welfare, with a total procurement amount of approximately CNY **420,000**.

Changhong Meiling actively responded to the rural revitalization plan and invested in industrial assistance, purchasing **20** tons of high-quality kiwifruit from rural areas through a "purchase instead of assistance" approach.

Sichuan Changhong Real Estate paired up to assist Huazui Village in Pingwu County, providing continuous support to two impoverished left-behind children in the village through charitable donations. It purchased CNY **140,000** worth of local agricultural products and helped provide sales venues for these products.

Sichuan Changhong NeoNet Technologies participated in a charity activity in Hebei Province, China, purchasing CNY **12,000** worth of agricultural products. It distributed CNY **30,000** worth of supplies to the assisted village, collaborated with sowing institutions to introduce high-quality potato varieties and green planting techniques, and held agricultural technology training sessions to improve agricultural production levels.

Contributing to Social Development

The Group upholds its original aspiration in practicing social welfare, delivering tangible care and hope to disadvantaged groups and regions in need. It deepens community co-development initiatives, collaborating with neighboring communities to foster harmonious coexistence. Under the Belt and Road Initiative, the Company expands global partnerships, promotes Chinese brand excellence, and demonstrates comprehensive corporate responsibility, injecting Changhong's vitality into social development.

Devoting to Social Welfare

In 2024, the Company and its subsidiaries deeply implemented the development concept of "mutual growth between enterprise and society", actively engaging in various social welfare initiatives. By carrying out charitable donations, actively participating in voluntary blood donation, and engaging in education-focused poverty alleviation initiatives, the Company embodies its commitment to corporate social responsibility.



Sichuan Changhong NeoNet Technologies organized volunteers to deliver supplies to assisted families on an irregular basis.



Changhong Air Conditioner responded positively to national poverty alleviation policies by donating 50 air conditioners to Ningnan Middle School in Pisha Town, Ningnan County, Liangshan Prefecture, Sichuan Province, improving the learning and living conditions for local students.



The Company and its subsidiaries actively organized employees to participate in voluntary blood donation activities.



Changhong Kuaiyidian organized its employees to participate in the "Cool Breeze, Happy Growth" public welfare activity. They sent condolences to the Mianyang Children's Welfare Institute and provided free maintenance and cleaning services for the home appliances in the institute.

Guangdong Changhong Electronics

Guangdong Changhong Electronics, having been rooted in Nantou Town, Zhongshan City for over 20 years, directly provided more than 3,000 job positions and encouraged investment from upstream and downstream supply chain enterprises, promoting local economic development. And it has sponsored community public welfare and mass sports activities for many consecutive years.

Sichuan Changhong Packing & Printing

Sichuan Changhong Package & Printing reached a production cooperation agreement with Xinglonggou Village in Fenggu Town, Mianyang City, helping increase income for surplus rural labor by nearly CNY 300,000.

081 Electronics Group

donated CNY 80,000 to the Chengdu Research Institute of University of Electronic Science and Technology of China, specifically for the selection competition of the 15th Beidou Cup National Youth Aerospace Technology Experience and Innovation Contest.

Zhongshan Changhong Electric

contributed a total of CNY 35,000 to community welfare. This included a CNY 20,000 donation to the Nantou Charity Association to support the Five-Man Boat Race and a CNY 15,000 donation to the Zhongshan Red Cross Society in response to the Zhongshan Charity Parade Promotion Regulations.

 Participating in Community Co-Building

The company proactively collaborates with communities to establish a multi-stakeholder partnership model, dedicated to creating a harmonious, mutually supportive, and developmental community ecosystem, contributing to the enhancement of residents' quality of life and promoting community prosperity.



In Nantou Town, Zhongshan Changhong Electric has been conducting the "Aging Support Initiative" for the sixth consecutive year. This initiative delivers comfort and blessings to elderly individuals in need within the community, ensuring they feel cared for by society, and continuously enhancing their sense of happiness and fulfillment.



Changhong Hongxin, in collaboration with Jitai Community in Chengdu High-tech Zone, jointly launched the "Volunteer Efforts in Spring Plowing: Adding Greenery to Vacant Lands" voluntary planting activity.

 Advancing Global Responsibility

The Group adheres to the path of international development, actively responding to the national "Belt and Road" initiative. It strives to expand economic cooperation with international partners, jointly promoting a community of shared interests and responsibilities characterized by economic win-win outcomes, green development, and low carbon practices. Today, the Group has evolved into a global comprehensive technology enterprise integrating consumer electronics and core component research and manufacturing. With 11 R&D bases and 17 manufacturing bases established worldwide, its products and services are present in over 160 countries and regions, serving more than 200 million users. Together with international partners, the Company promotes the orderly and free flow of cross-regional economic factors, efficient allocation of resources, and deep integration of markets.

The Group has formulated a detailed overseas business development plan, clarifying market expansion directions. In 2024, it achieved export revenue exceeding CNY 25 billion. By establishing extensive cooperative relationships with government agencies, industry associations, and enterprises in countries along the Belt and Road, the Company has gradually opened up overseas markets. Through the strategies of "expanding markets, strengthening channels, optimizing products, and enhancing capabilities", overseas subsidiaries have significantly improved sales performance, effectively promoting rapid brand growth. In Europe, both online and offline businesses have achieved historic profitability.

In 2024:

the trade volume of the Group's international brand business reached CNY 2.383 billion, with overseas tax payments amounting to nearly CNY 120 million.



In the European market the Group's international business team focused on "online driving offline, B2C driving B2B", concentrating resources to drive channel development. Annual sales revenue reached CNY 477 million, a year-on-year increase of 36%.

In Australia comprehensive cooperation was achieved with the three largest nationwide chain channels, generating annual sales revenue exceeding CNY 500 million, a year-on-year increase of 46%. A multi-dimensional channel system has been basically established.

In the Indonesian market the Company covered 80% of traditional channels, with annual sales exceeding CNY 360 million, a year-on-year increase of 21%.

The Group actively promotes a localization strategy for talent in overseas operations, hiring a large number of local employees, particularly providing job opportunities for frontline sales personnel and production workers. This year, the Group provided more than 800 job opportunities locally, creating a significant number of employment opportunities for local communities.

Tax Management

The Company strictly complies with laws and regulations such as the "Tax Collection Administration Law of the People's Republic of China", the "Enterprise Income Tax Law of the People's Republic of China", and the "Provisional Regulations on Value-Added Tax of the People's Republic of China". Through the formulation of internal management measures, the Company ensures the effective implementation of internal control processes. The Company's tax management function is under the financial management department, directly overseen by the Chief Financial Officer. Dedicated tax personnel are assigned at all levels of subsidiaries, and a reporting mechanism for significant matters has been established, with professional support provided by the financial management department.

The Company interprets tax policies in compliance with regulations and ensures their implementation. In applying tax incentives, it establishes corresponding guidelines to cover all tax-related activities, and optimizes tax management processes to mitigate tax risks. Regarding changes in tax policies, the Company actively communicates with tax authorities to avoid misunderstandings, assesses the impact on business operations and taxes in advance, organizes seamless policy transitions, and provides tax-informed decision support for business development.

Regular training sessions are conducted through material presentations and case studies to further promote tax-related legal requirements. After training, Q&A sessions, consultations, and exchanges are organized to reinforce learning outcomes.

The Company establishes a risk management mechanism following the PDCA cycle to form a closed-loop for risk management. It comprehensively evaluates and identifies key tax management points for new businesses, establishes mechanisms to prevent tax risks in advance, and uses data analysis and feedback channels to identify key tax risk areas. A checklist of tax risk management items is created, and regular self-inspections are conducted. The Company leverages AI and online spreadsheet technologies to enable intelligent analysis of declaration indicators, configure calculation logic, and build a tax data management and declaration system.

It continuously enhances its capabilities for calculating all types of taxes and direct electronic filing. The Company engages external professional accounting firms for annual financial report audits, while the internal audit department conducts internal audits, and the compliance department performs compliance checks. A rectification mechanism is established for identified tax issues to further strengthen tax risk prevention. It sets up whistleblower mailboxes to maintain records of reported tax issues, implements corrective actions for verified problems, and conducts follow-up reviews to ensure the effectiveness of rectifications.

The Company maintains routine communication with tax authorities and receives their policy guidance. Tax authorities regularly evaluate and inspect key business segments of the Company. During the reporting period, the Company underwent a "dual random" inspection by tax authorities, enhancing corporate tax compliance. The Company also actively participates in related activities organized by tax authorities, such as the Sichuan-Chongqing "Tax Express" government-enterprise exchange event, where it shared cross-border tax experiences as an "going global" enterprise.

During the reporting period

the Company was rated as an A-level taxpayer. Within the Group, 67.3 % of entities were rated A-level taxpayers (excluding M-level), with no C-level or D-level entities.

The total amount of all taxes and fees paid by the Group to tax authorities in 2024 totalled over CNY 2.3 billion.

Ensuring Information Security

Sichuan Changhong has established a robust information security management system, implementing meticulous control throughout the entire process from setting data access permissions to network security protection. The Company places great emphasis on customer privacy protection. It has formulated strict privacy policies that clearly define the rules for information collection and usage. By employing encryption technologies and other methods, it ensures comprehensive protection of customer privacy and security.

Information Security Management

The Group adheres to 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". It has established an information security management system characterized by "one center, three major systems, and three layers of protection", which supports information security management and aids in the Company's digital transformation. In 2024, the Company successfully passed the re-audit for the ISO 27001 Information Security Management System, with several key business systems obtaining Level 3 certification for classified protection. This achievement ensures compliance with safety management requirements and maintains control over security risks. No information security risk incidents occurred during the reporting period.

The Group focuses on security management, security certification, and security education to continuously enhance network and data security protection levels. Firstly, the Group establishes an information security system, progressively reinforce cybersecurity responsibilities at all levels, and implement the requirements of the cybersecurity tiered protection system.

Improve the in-depth defense system for information security, implement classified and tiered management of industrial data, strengthen the protection of user information and privacy, continuously enhance information security management, fully ensure the security of business data, and effectively support the Company's digital transformation and the improvement of smart manufacturing capabilities.

Secondly, promote cybersecurity certification work through measures such as cybersecurity tiered protection certification, cybersecurity product certification, and cybersecurity talent certification.

Thirdly, regularly conduct cybersecurity education and training, develop an information security training plan covering all employees, regularly organize diverse training activities on information security and privacy protection, and periodically carry out cybersecurity emergency drills to continuously improve the information security awareness of all employees.

User Privacy Protection

The Group always prioritizes user information security and privacy protection, having established policies such as the "Cybersecurity and User Privacy Protection Management Measures", "User Information Security Management Measures", and "Service Information System Data Security Management Measures". These policies strictly regulate all aspects of user information handling, including collection, storage, usage, and transmission. The Company employs data encryption technology, identity authentication and authorization, network transmission security protocols, secure data storage, server firewalls, security strategies, and access control technologies to build a comprehensive user information security protection system. This ensures that user information processing is legal, compliant, and secure.

In accordance with national laws and local policy requirements, Changhong's Smart TV Yunfan large model and the Honglingjin system have timely updated and released the Changhong User Privacy Policy. This policy provides users with detailed explanations regarding the purpose, scope, methods, and protective measures for information collection, covering all stages from personal information collection to usage and protection. It ensures that users are fully aware of their rights and obligations, thereby safeguarding their right to be informed. Additionally, taking into account the special nature of children users, these platforms have also published the Changhong Children's Personal Information Protection Rules and Guardian Guide, establishing a strict supervision and management mechanism to comprehensively protect children's personal information security. In 2024, no user information leakage incidents occurred.

Responsible Marketing

Sichuan Changhong adheres to the principles of responsible marketing, upholding integrity as its guiding principle and maintaining ethical standards to ensure that the information conveyed to consumers is truthful and accurate. The Company strengthens the management of marketing activities. From planning to execution, it has established a comprehensive control system to rigorously oversee the content and format of its promotions. This approach injects positive energy into the market, helping to build an outstanding brand image characterized by professionalism and responsibility, thus earning the trust and recognition of consumers.

Eliminating False Advertising

The Group strictly complies with laws and regulations such as the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests", the "Advertising Law of the People's Republic of China", and the "Anti-Unfair Competition Law of the People's Republic of China", as well as industry standards. To uphold integrity in brand image, it has established various management systems for brand promotion and media communication, including the "Management Norms for News Release and Communication", the "Self-Operated New Media Management Measures", the "Management Norms for Online Image Carriers", the "External Communication Boundaries List", and the "Management Measures for Spokespersons". In all marketing and promotional activities, rigorous reviews are conducted to prevent any exaggeration, false or misleading statements, ensuring adherence to principles of responsible marketing.

Brand Building and Publicity Management

Strengthening the Brand Management System

The Group has established a comprehensive plan for Changhong brand building, shaping a new image of Tech Changhong from both corporate and product brand perspectives. The brand image construction system is centered around the "Corporate Philosophy System + Behavioral Identification System + Visual Identity System + Product Terminal Image Recognition System". To further standardize brand management, the Company has set up the "Brand and Quality Management Committee", responsible for strategic planning and oversight of brand value management, brand licensing, brand promotion, and brand marketing.

▶ Boosting Corporate Brand Image

Centered on the theme of "Technology Creates a Better Life", the Group focuses on digital transformation, integrating Changhong's corporate image into the promotional content related to Science and Technology City of China, the Chengdu-Chongqing Economic Circle, and China's electronic information industry. Through various initiatives such as physical-digital integration, intelligent manufacturing upgrades, and IoT empowerment, the Company aims to showcase Changhong's new development dynamics to diverse audiences. CCTV's "Focus Report" program has featured Changhong's digital-physical integration, overseas expansion, trade-in services, and AI appliances three times, contributing to a positive image of Changhong's digital transformation. Additionally, the Company enhances official communication by releasing brand events and product promotions in key overseas regions and the U.S.

In 2024, adhering to compliant marketing, the Group enriched publicity content and broadened reporting depth through new media layouts, new scenario marketing, new technology applications, and training for marketing personnel, ensuring that transparent and truthful product information is communicated to users. By signing with the FIS World Cup Events, the Company injects elements like "passion", "purity", and "internationalization" into the brand. It also explores domestic cultural IP applications based on localized resources and product characteristics, utilizing regional sports marketing to penetrate core overseas markets and gain high exposure in international competitions at multiple levels and regions, promoting the internationalization of brand building. According to the latest release by the World Brand Lab in 2024, the brand value of Changhong has reached CNY 236.876 billion, setting a new record high.

▶ Strengthening Promotional Momentum

The Company continuously improves its self-media matrix, tailoring content to different audiences and deeply exploring distinctive Changhong stories. Throughout the reporting period, over 3,000 articles and images as

well as more than 850 short videos were published, achieving total views exceeding 100 million. This effort has effectively enhanced the brand's influence in key regions. To enhance online visibility and traffic acquisition, the Company establishes brand zones on Baidu and Toutiao, providing quick access to talent recruitment, customer business services, after-sales services, product navigation, and investment consultations.

Under the theme of "Tech Changhong Serving the Country Through Industrial Development"

The Company participated in the "Mianyang Culture Roadshows", visiting cities such as Xiamen, Chongqing, and Kunming to showcase Changhong's latest technological advancements to local residents. Additionally, by leveraging the construction of provincial intelligent transformation exhibition hall, the Company participated in various exhibitions and expos open to the public, including the High-Tech Expo, Cultural Industries Fair, and smart manufacturing summits. Through these events, the Group has demonstrated its innovative capabilities in cross-industry internet platform, intelligent manufacturing upgrades, artificial intelligence, and digital products, thereby reshaping the public's perception of the Changhong brand image.

With the theme "Approaching Changhong"

The Company also improved its brand publicity efforts by organizing over 15,000 visits from government delegations at national, provincial, and municipal levels, customers, investors, universities, external organizations, and international guests. Visitors toured Changhong's innovation exhibition hall, intelligent production lines, and parks, experiencing firsthand the new developments and transformations of Changhong.



Outlook

On the path of high-quality development, we will persist in shifting our focus from scale expansion to efficiency enhancement. We will continue to deepen the optimization of our industrial structure, accelerate the phasing out of outdated production capacities, and promote the comprehensive upgrade of our products toward intelligence, environmental friendliness, and premium quality. We will actively respond to the national policy advocating "replacement of old appliances with new ones", leveraging it as a vital means to drive both industrial and consumption upgrades. Guided by a "globalization" strategy, we aim to further expand into international markets by innovating marketing models, enhancing product quality and service levels, strengthening brand development, and increasing the global recognition and reputation of the Changhong brand to achieve leapfrog growth in our brand business.

We will continuously increase R&D investment and be a committed practitioner of the "first-launch economy". Focusing on frontier technologies such as AI, the IoT, and big data, we will strive to build a more competitive smart home ecosystem. Through technological innovation, we aim to effectively address consumer pain points, truly integrate smart products into daily life, and create a more convenient, comfortable, and healthy lifestyle for customers. At the same time, we will adhere to a strategy of talent empowerment, strengthen talent team development, and fully unleash human potential to provide a solid foundation for the Company's innovation and growth.

We will clearly uphold and promote a positive corporate culture, establishing a spirit of sincere unity, strong execution, and integrity, thereby fostering a work ethic that supports our development initiatives. We will continue to strengthen ideological guidance for employees, safeguard their rights and interests, and enhance their sense of gain, happiness, and security. Through various training and skills competition activities, we will support talent cultivation in the workplace and build a broad development platform for employees.

Upholding the mission of "Technology Creates a Better Life", we will embed ESG concepts throughout the entire process of business operation and development. We are committed to joining hands with all employees, customers, shareholders, partners, and all sectors of society to face challenges and seize opportunities together, striving for a bright future of sustainable development. We firmly believe that, with the concerted efforts of all Changhong people and the strong support of the community, Changhong will undoubtedly realize its grand goal of becoming a world-class enterprise and make even greater contributions to national economic development and social progress!

Appendix

▶ Key Performance

Environmental Performance				
Indicator	Unit	2022	2023	2024
Petrol	ton	147.53	144.89	144.33
Diesel oil	ton	635.12	548.81	541.93
Purchased electricity	10,000 kWh	42,720.93	44,163.69	54,969.58
Heat (steam)	1,000,000 kJ	136,786.00	125,233.80	119, 222.50
Fuel converted from waste oil and other fossil fuels	t standard coal	1,072.56	0.00	0.00
Natural gas	10,000 m ³	1,443.88	1,588.27	1,817.02
Solar (photovoltaic)	10,000 kWh	226.87	600.38	824.00
Clean energy consumption	t standard coal	19,482.43	21,861.84	25,179.01
Total comprehensive energy consumption	t standard coal	78,868.67	81,424.86	97,806.51
Comprehensive energy consumption/CNY 1,000,000 output value	t standard coal/CNY 1,000,000 output value	1.654	1.497	1.496
Total water withdrawal	ton	-	12,170,084.11	14,292,610.12
Water consumption intensity	t/CNY 10,000	-	2.24	2.19
Total hazardous waste generated	ton	-	-	4,343.82
Hazardous waste generated per CNY 10,000 output value	t/CNY 1,000,000 output value	-	-	0.07
Total general solid waste generated	ton	-	-	126,932.97
General solid waste generated/CNY 10,000 output value	t/CNY 1,000,000 output value	-	-	1.94
Total material used	ton	675,852.05	831,388.16	2,248,802.03

Environmental Performance				
Indicator	Unit	2022	2023	2024
Packaging materials used	ton	47,097.21	70,728.22	100,418.02
Environmental protection investment	CNY 10,000	9,286.76	4,335.66	6,057.63
Environmental protection training	session	945	1,054	1,109
Environmental protection training participation	person-time	22,682	25,142	27,848
Direct greenhouse gas emissions	t CO ₂ e	33,292.22	33,649.31	43,190.73
Indirect greenhouse gas emissions from purchased energy [Note]	t CO ₂ e	175,064.44	201,351.39	216,907.31
Total emissions (direct + indirect)	t CO ₂ e	208,356.66	235,000.70	260,098.03
Greenhouse gas emission intensity	t/CNY 10,000 output value	43.77	43.21	39.77

Social Performance				
Indicator	Unit	2022	2023	2024
Total number of employees	person	41,129	45,443	45,376
Male employees	person	23,404	26,142	25,934
Female employees	person	17,725	19,301	19,442
Employees aged 29 and below	person	5,964	8,515	9,648
Employees aged 30-39	person	11,503	12,332	12,292
Employees aged 40-49	person	13,289	14,291	13,993
Employees aged 50-54	person	6,653	6,713	6,205

Social Performance				
Indicator	Unit	2022	2023	2024
Employees aged 55 and above	person	3,720	3,592	3,238
The number of Chinese employees	person	40,453	44,807	44,194
The number of foreign employees	person	850	826	1,182
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Proportion of female managers	%	15.64	15.66	14.24
Localization rate of overseas employees	%	95.76	96.61	97.46
Patents granted	item	1,338	842	843
Invention patents granted	item	606	342	324
New patent applications	item	1,226	1,268	1,322
R&D investment	CNY 10,000	258,264.37	249,048.16	260,148.57
Proportion of R&D investment in operating revenue	%	2.79	2.56	2.51
Customer satisfaction rate	%	99.00	99.20	99.11
Complaint resolution rate	%	100	100	100
Total number of suppliers	supplier	-	5,792	6,854
Domestic supplier percentage	%	-	99.83	99.42
Localized domestic supplier percentage	%	-	63.51	63.72
Percentage of domestic supplier purchase amount to total supplier purchase amount	%	-	66.83	57.79

Governance Performance				
Indicator	Unit	2022	2023	2024
General Meeting of Shareholders	session	4	3	2
Board of Directors meetings	session	22	19	18
Board of Supervisors meetings	session	21	14	7
Board members	person	9	9	9
Non-independent directors	person	6	6	6
Independent directors	person	3	3	3
Female directors	person	1	1	0

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► Suggestions and Feedback

Dear Readers:

Greetings! Thank you for taking the time to read this report. To help us continuously improve Sichuan Changhong's sustainability efforts and ESG reporting quality, we highly value your opinions and suggestions. Please help us by completing the following feedback form and return it to us through one of the following channels:

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Phone: 0816-2418436

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Multiple Choice Questions (Please mark "√" in the appropriate position)

1. Your relationship with Sichuan Changhong:

Employee Consumer Supplier Regulatory Authority Other Government Department
 Media NGO

Other (please specify) _____

2. How would you rate this year's report overall?

Excellent Good Average Poor Very Poor

3. In the following dimensions, you think this report is:

Dimension	Excellent	Good	Average	Poor	Very Poor
Quality of Information Disclosure					
Report Structure and Layout					
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Open-Ended Questions:

1. What is the information you want to know but is not included in this report?

2. Do you have any additional suggestions or feedback on our ESG practices or reporting?