

2025

SICHUAN CHANGHONG ELECTRIC CO., LTD.

SUSTAINABILITY (ESG) REPORT

CHANGHONG 长虹



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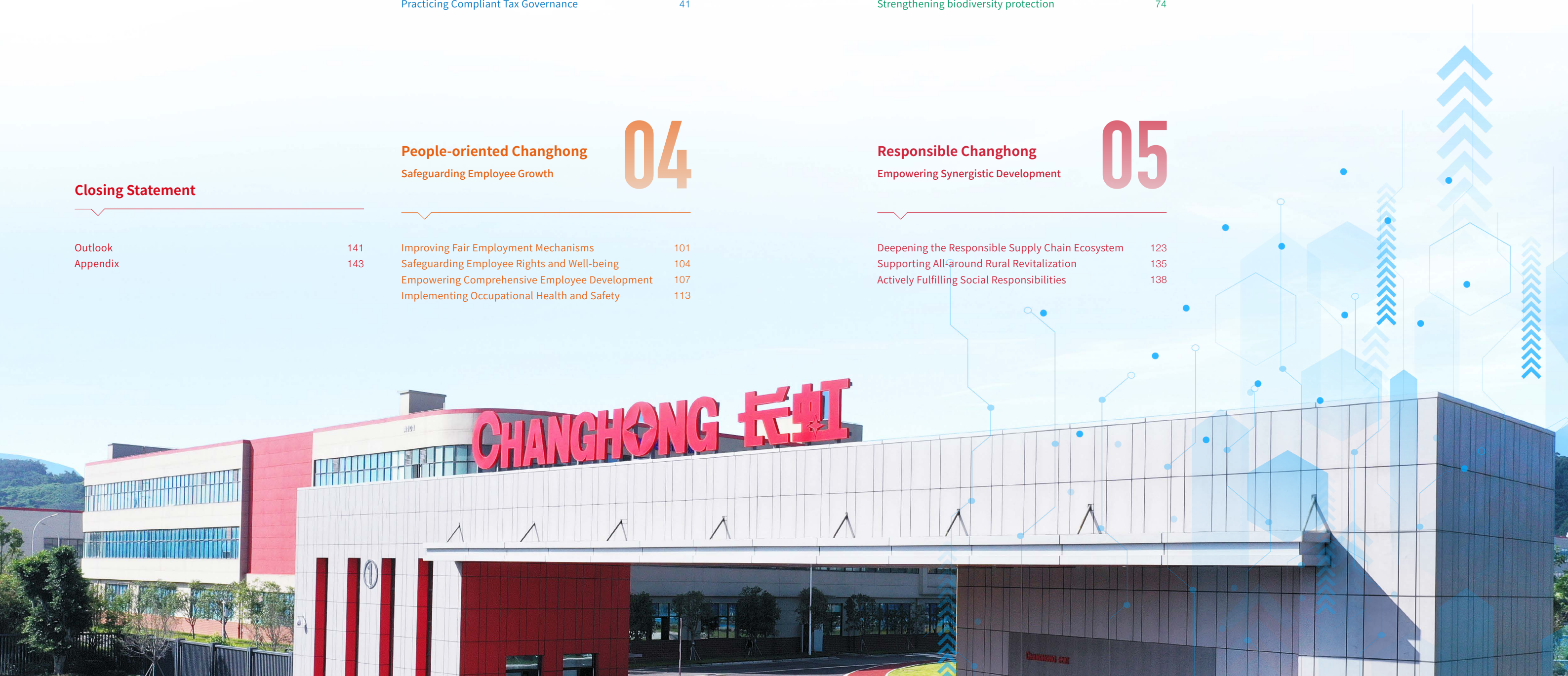
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Reporting Guidelines

Introduction

Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as “Sichuan Changhong” “the Company” or “we”) adheres to the principles of transparency and openness in compiling this report, which aims to provide shareholders, investors, customers, employees, non-profit organizations media, and government bodies with a comprehensive overview of Sichuan Changhong and its subsidiaries’ actual performance, risks, and opportunities in sustainable development. This report has been prepared by the Company’s ESG Management Office.

Scope

The “Annual ESG Report” spans from January 1, 2025, to December 31, 2025. Some sections may cover a longer period, and clarifications will be provided where applicable. The Report defines impact horizons as follows: short-term (within one year after the reporting period), medium-term (one to five years after the reporting period), and long-term (beyond five years).

Preparation Basis

The preparation of this report primarily references Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), Guide No.4 for Self-Regulatory Supervision on Listed Companies of the SSE—Compilation of Sustainable Development Reports, State-Owned Enterprise Listed Company ESG Special Report Reference Indicator System, GRI Sustainability Reporting Standards (GRI Standards), United Nations Sustainable Development Goals (SDGs), and Chinese Enterprise Sustainability Reporting Writing Guidelines (CASS-ESG 6.0).

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. 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’s 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. 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, we and Sichuan Changhong	Sichuan Changhong Electric Co., Ltd.
The Group	The Company and its subsidiaries
Changhong Holding Group	Sichuan Changhong Electronics Holding Group Co., Ltd.
Guangdong Changhong Electronics	Guangdong Changhong Electronics Co., Ltd.
Changhong (Hong Kong)	Changhong (Hong Kong) Trading Limited
Changhong Air Conditioner	Sichuan Changhong Air Conditioner Co., Ltd.
Changhong Packaging	Sichuan Changhong Packing Printing Co.,Ltd.
Sichuan Changhong NeoNet Technology	Sichuan Changhong NeoNet Technology Co., Ltd.
Changhong Moulding	Sichuan ChangHong mold and plastic tech Co., Ltd.
Sichuan Changhong Component Technology	Sichuan Changhong Component Technology Co.,Ltd.
Changhong Precision	Sichuan Changhong Precision Electronics Technology Co.,Ltd.
081 Electronics Group	081 Electronics Group Co.,Ltd
Changhong Jijia	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.

Short Name	Full Name
Sichuan Hongxin Software	Sichuan Hongxin Software Co., Ltd.
Changhong Minsheng	Sichuan Changhong Minsheng Logistics Co., Ltd.
Changhong China Smart Display	Changhong Smart Display (China)
Sichuan Changhong Real Estate	Sichuan Changhong Real Estate Co.,Ltd.
Sichuan Kuaiyidian	Sichuan Changhong Kuaiyidian Electrical Service Co., Ltd.
Changhong Homwee	Sichuan Changhong Homwee Technology Co., Ltd.
Zhiyijia	Sichuan Zhiyijia Network Technology Co., Ltd.
Honghuan Technology	Sichuan Mianyang Honghuan Technology Co., Ltd.
Changhong Network	Sichuan Changhong Network Technology Co., Ltd.
Guangyuan Changhong	Guangyuan Changhong Electronic Technology Co., Ltd.
Changhong International	Changhong International Holding (HK) Limited
Changhong Indonesia	Changhong Indonesia Electric Co., Ltd.
Changhong Europe	Changhong Europe Electric s. r. o.
Mianyang Changhong Technology	Mianyang Changhong Technology Co., Ltd.
Hongshang Construction Engineering	Sichuan Hongshang Construction Engineering Co., Ltd.
Changhong Innovation Investment	Sichuan Changhong Innovation Investment Co., Ltd.
Chengdu Changhong Electronic Technology	Chengdu Changhong Electronic Technology Co., Ltd.
Sichuan Changhong Gerun	Sichuan Changhong Gerun Environmental Protection Technology Co., Ltd.
Changhong Electronic Components	Sichuan Changhong Electronic Components Co., Ltd.

Message from the Leadership

As time renews, new chapters unfold. 2025 marks the final year of the 14th Five-Year Plan. Despite a complex and rapidly evolving external environment and intensifying market competition, all Changhong employees, together with our partners and all sectors of society, worked hand in hand to achieve mutual benefit and win-win outcomes, pressing ahead with unwavering commitment on the journey toward high-quality development. Over the past year, we have fully embodied the Changhong spirit of "hard work, pioneering initiative, perseverance, and the pursuit of excellence", adhered to our annual operating principles of "seizing opportunities in risk response, strengthening foundations to enhance quality and efficiency, and pursuing development through integration and innovation", we continuously improved our modern corporate governance system, deepened our green and low-carbon transition, strengthened lean management and effective operations, and achieved new breakthroughs in corporate development, bringing the 14th Five-Year Plan to a successful conclusion. For the full year, the Company recorded operating revenue of RMB 108.816 billion, up 4.94% year on year, and net profit attributable to shareholders of the parent company of RMB 989 million, up 40.56% year on year.

Strengthening the foundations of decision-making to enable sustainable long-term development.

In 2025, we advanced the modernization of our corporate governance system in greater depth, revised and improved governance rules and procedures in strict alignment with regulatory requirements, and consistently treated compliant operations as the cornerstone for steady and long-term development. We continued to optimize the composition and diversity of the Board of Directors, improved the evaluation mechanism for directors' performance of duties, and organized eight training sessions on duty performance capabilities throughout the year, thereby continuously enhancing the Board's operational effectiveness and the quality of scientific decision-making. During the reporting period, the Company convened three Meetings of Shareholders and 23 meetings of the Board of Directors. Directors' attendance rate and the approval rate for submitted proposals were both 100%. The Company was honored with the "2025 Best Practice Case for Boards of Directors" and the "2025 Best Practice Case for Board Office" by the China Association for Public Companies. The company published four periodic reports, 105 interim announcements and 46 other reports and documents, and was awarded an 'A' rating for information disclosure by the Shanghai Stock Exchange. We embedded compliance and internal control throughout the entire process of business operations, optimized the management of the Three Lines of Defense and the Three Lists, and strengthened regular risk screening and compliance control across all units, operational links, and key areas. During the year, all functional departments revised and improved 85 internal management policies, and 63 sales management policies of overseas subsidiaries were optimized. The Company's internal control case was selected as a "2025 Best Practice Case for Internal Control" by the China Association for Public Companies, ranking first among local state-owned enterprises nationwide.

Focusing on low-carbon operations and leading green collaboration.

In 2025, we actively responded to China's dual carbon goals by embedding green development throughout the business value chain and systematically advancing energy conservation and carbon reduction. We have continuously promoted green (zero-carbon) factory certification for many years and achieved outstanding results. Changhong Network Technology was recognized as a national-level green factory, while Sichuan Changhong, Changhong Air Conditioning, and Changhong Electronic Components were designated as provincial-level green factories. Changhong Huayi obtained SGS Zero Carbon Factory certification, marking a significant milestone in our green manufacturing journey. We continued to enhance our environmental management system, with 27 entities maintaining valid ISO 14001 certification during the reporting period. Through strengthened source prevention and process control, we identified and rectified 1,027 environmental risks and delivered environmental training to 33,758 participants, further improving environmental awareness and capabilities across our workforce. We are committed to building a green supply chain by incorporating environmental compliance into supplier onboarding as a veto criterion and encouraging nearly 30 key suppliers to participate in low-carbon initiatives, thereby advancing the green transition across the entire industrial chain.

Deepening Digital and Intelligent Integration and Driving Gains in Quality and Efficiency.

In 2025, we remained committed to innovation-driven development, advanced technological and product innovation, and fully implemented the "AI+" initiative. We deeply embedded AI technologies across all scenarios of product R&D, production and manufacturing, and enterprise operations, taking solid steps toward fostering new productive forces and advancing the Company's high-quality development. We launched the industry's first AI-powered "healing" TV, introduced the M Fresh Ultra refrigerator series, setting a new benchmark in freshness preservation, and released premium air-conditioning products such as the "Shanshuijian" and "Living & Dining Room PRO" series, incorporating AI-driven airflow optimization, outlet design, and intelligent control to better meet user needs. We continued to advance intelligent and digital transformation initiatives. Changhong China Smart Display was recognized as a national-level "Excellence Smart Factory", and six factories were named among the first batch of advanced smart factories in Sichuan Province. These achievements significantly enhanced our intelligent manufacturing capabilities and operational quality and efficiency. In addition, we implemented AI-powered operations and accelerated enterprise-wide digitalization, including upgrades to digital HR and intelligent finance systems, further improving operational and managerial efficiency and quality.

Fostering a People-Centered and Inclusive Ecosystem.

In 2025, we placed strong emphasis on stakeholder expectations and intergrated a "people-centered" and "responsibility-driven" approach into our development strategy, striving to create long-term shared value through concrete actions. We upheld fair employment practices, continuously enhanced compensation, benefits, and performance management systems, and provided diversified career development pathways and systematic training programs. We strictly enforced occupational health and safety standards, ensuring that over 46,000 employees collaborated supported in their professional growth, rights protection, and long-term development. Across the value chain, we collaborated closely with partners to strengthen supply chain resilience, standardized procurement practices, ensured fair treatment of SMEs, and advanced full-lifecycle ESG management for suppliers. During the reporting period, the Company was awarded the title of "China Supply Chain ESG Management Demonstration Enterprise". We actively fulfilled our social responsibilities by focusing on industrial upgrading, talent cultivation, cultural development, and consumption-based assistance, among other areas. We invested more than RMB 17 million to conscientiously implement the rural revitalization strategy, improve the well-being of people in less-developed areas, and join hands with all parties to build a mutually beneficial and thriving ecosystem, contributing Changhong's strength to the sustainable development of society.

On the great journey of the new era, the blueprint for the 15th Five-Year Plan has already unfolded.

Looking ahead to 2026, we will remain committed to high-quality development and the goals of carbon peaking and carbon neutrality. With a more open mindset, we will embrace change; with stronger governance, we will reinforce our foundations; with decisive actions, we will address climate challenges; with innovation, we will shape the future; and with a deep sense of responsibility, we will contribute to society. We stand ready to work hand in hand with partners from all sectors, advance together toward shared long-term goals, and strive to write a new chapter for intelligent manufacturing in China amid the momentum of new quality productive forces, while continuing to contribute Changhong's strength to the comprehensive construction of a modern socialist country.



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 committee is responsible for formulating ESG strategies, managing ESG-related issues, ensuring alignment with the Company's business objectives, and continuously 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 initiatives have achieved phased progress as planned.

This report details the Company's achievements in ESG, which was reviewed and approved by the Board of Directors on April 23, 2026.

About Sichuan Changhong

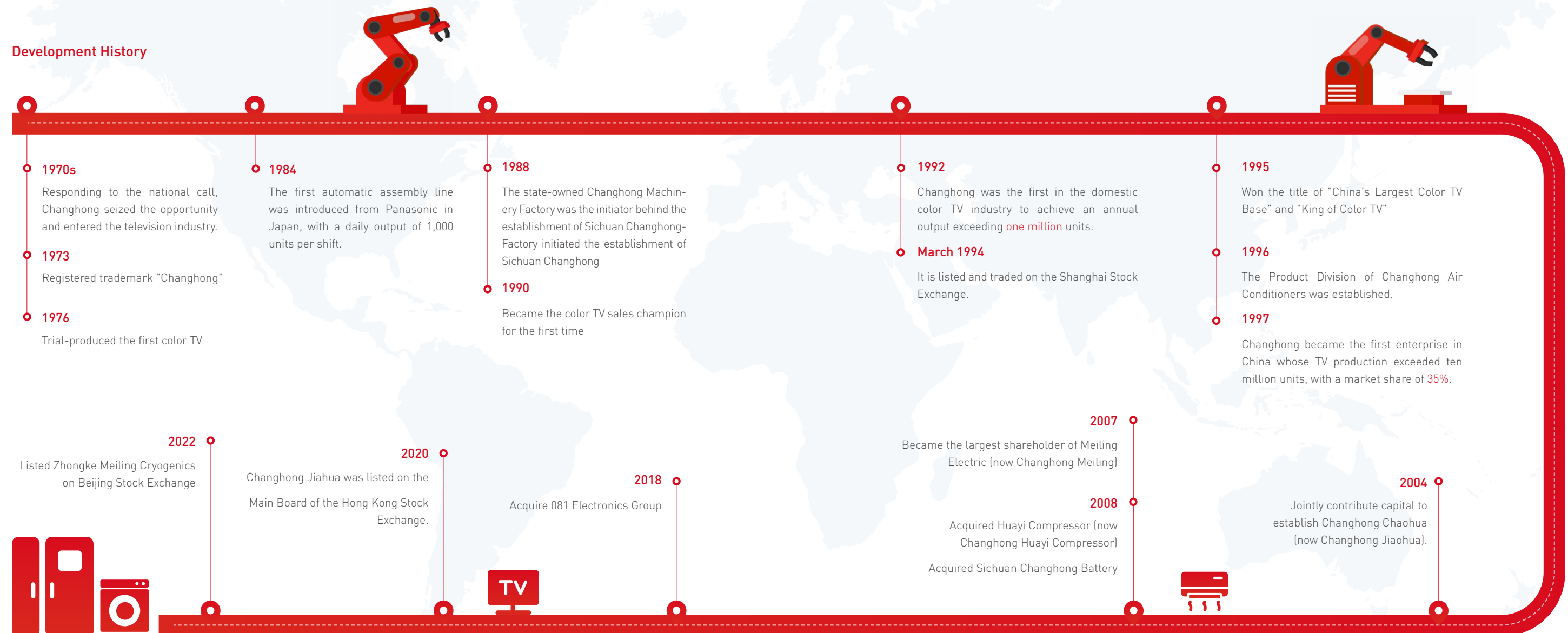
Company Overview

Originally founded as a state-owned factory in 1958, Sichuan Changhong was incorporated as a joint-stock company in 1988. In March 1994, it was listed on the Shanghai Stock Exchange with the stock abbreviation: Sichuan Changhong, stock code: 600839.SH. It has four listed subsidiaries: Changhong Meiling (stock code: 000521.SZ), Changhong Huayi (stock code: 000404.SZ), Changhong Jiahua (stock code: 03991.HK), Zhongke Meiling (stock code: 835892.BJ), and one company listed on the NEEQ Innovation Layer: Changhong Minsheng (stock code: 836237.NQ). Over decades of development, from building a foundation in color TVs to expanding into various fields of information electronics, the Company has evolved into a global, diversified technology enterprise group with business spanning smart home appliances, general equipment R&D and manufacturing, and integrated ICT services.

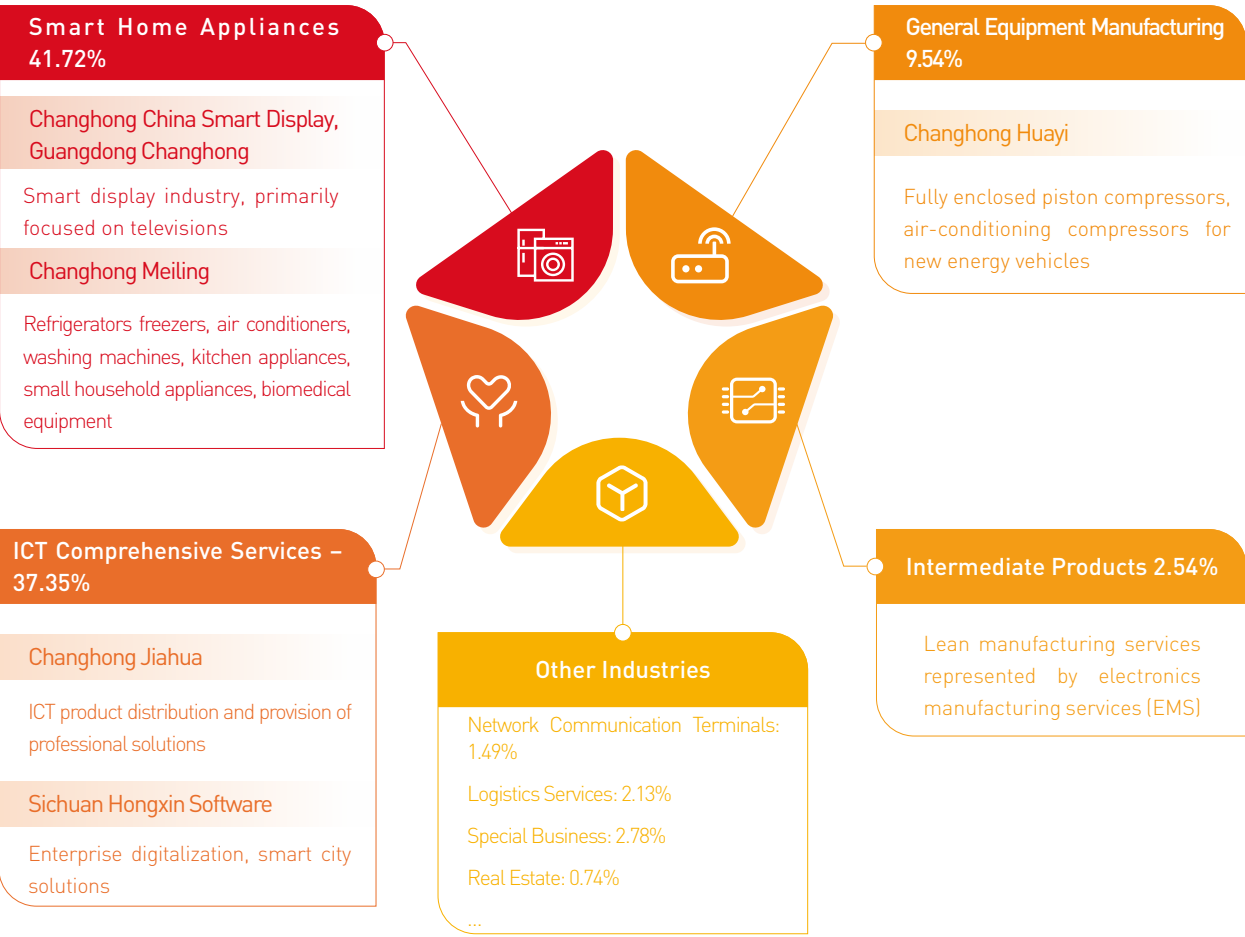
Corporate Culture

Sichuan Changhong adheres to the philosophy of "Technology-powered Changhong, Creating a Better Life", seizing opportunities arising from technological advancements and national industrial upgrades. Driven by innovation, the Company accelerates its industrial transformation and upgrading, continuously strengthening its core industries through dual engines of steady development and quality improvement. It nurtures new growth drivers in emerging industries and promotes the rapid growth of potential businesses. Through multiple efforts, the Company enhances its core competitiveness, building a comprehensive set of advantages and steadily advancing toward its ambitious goal of becoming a world-class electronic information enterprise.

Development History



Business Architecture



Responsibility Honors

Award Name	Awarding Organization
Governance	
Received an “A” rating for information disclosure in 2025	Shanghai Stock Exchange (SSE)
Awarded “2025 Outstanding Practice Case Award for the Board of Directors of Listed Companies”	China Association for Public Companies (CAPCO)
Awarded “ 2025 Best Practice Case Award for the Board Office of Listed Companies”	China Association for Public Companies (CAPCO)
Awarded “ 2025 Best Practice Case in Sustainable Development of Listed Companies”	China Association for Public Companies (CAPCO)
Awarded “Best Practice for 2024 Annual Results Briefing of Listed Companies”	China Association for Public Companies (CAPCO)
Selected as one of the “2025 China ESG Pioneer 100 Listed Companies”	China Media Group (CMG)
“Golden Peak” Excellent Case for 2025	CNR Network Finance Center
Received an ESG “AA” rating from Wind and selected for the Wind China Listed Companies ESG Best Practice 100 (Large-cap Category)	Wind

Award Name	Awarding Organization
Brand and Products	
Awarded the first “AAA Well-known Trademark” in the television industry	China National Certification Center (Beijing)
Changhong Air Conditioning brand awarded “2025-2026 China Air Conditioning Industry Pioneer in Craftsmanship Quality”	China Air Conditioning Industry Summit Forum Organizing Committee
Changhong AI TV awarded the 2025 AWE Aplan Award 85Q10T MAX	China Household Appliances and Consumer Electronics Expo
CHANGHONG Panda Lazy Ultra Air Conditioner recognized as the “2025-2026 China Air Conditioning Industry Green Smart Enjoyment Star”	China Air Conditioning Industry Summit Forum Organizing Committee
Changhong Pro Shared Air Conditioner for Dining and Living Room recognized as the “2025–2026 China Air Conditioning Industry Dual-purpose Comfort Star”	China Air Conditioning Industry Summit Forum Organizing Committee
Innovation Category	
Changhong’s smart display terminal facility was recognized as a national-level “Excellence Smart Factory”	Ministry of Industry and Information Technology (MIIT)
The “Multi-scenario Discrete Manufacturing Cloud-end Collaborative Computing Key Technologies and Applications” project awarded the 2024 Sichuan Province Science and Technology Progress Second Prize	Sichuan Provincial People’s Government
Selected for the first batch of “Artificial Intelligence and Robotics Application Industry Star Enterprises” in Sichuan Province	Sichuan Provincial Science and Technology Department
Selected for the National “High-Quality Dataset Construction Pilot Work List” in the Embodied Intelligence Field	National Data Bureau
Selected for the “2025 Trusted Data Space Innovation and Development Pilot List”	National Data Bureau

2025 Business Performance				
Year	Operating Revenue	Year-on-Year Comparison	Net Profit Attributable to Shareholders of the Listed Company	Year-on-Year Comparison
2023	RMB 97.456 billion	↗ 5.38%	RMB 688 million	↗ 46.98%
2024	RMB 103.691 billion	↗ 6.40%	RMB 704 million	↗ 2.3%
2025	RMB 108.816 billion	↗ 4.94%	RMB 989 million	↗ 40.56%

Sustainable Development Management

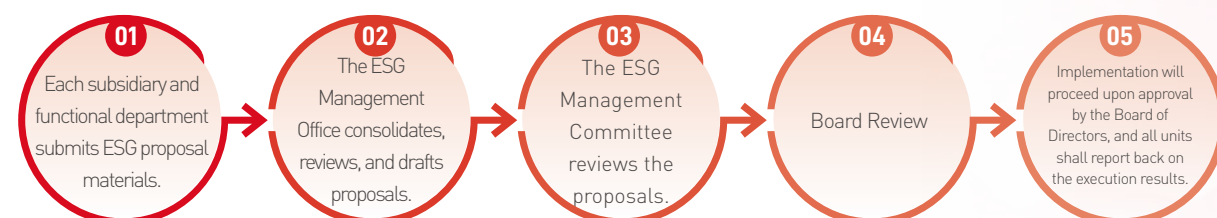
The Company places high importance on sustainable development (ESG) management, continuously improving its sustainable development management system. In 2025, the Company revised the *Board ESG Management Committee Implementation Rules*, further refining its ESG responsibilities and mechanisms in accordance with the latest ESG requirements from the Shanghai Stock Exchange.

ESG Governance Structure

The Company has established a "Decision-Making, Management, and Execution" three-tier ESG governance structure. The Board of Directors is the highest governing and decision-making body for ESG work; the Company has formed an ESG Management Committee, responsible for overseeing ESG-related matters; the Company has also set up an ESG Management Office as the executive layer, responsible for implementing ESG initiatives, preparing the annual ESG report, and other related tasks. At the same time, the Company actively promotes the establishment of ESG task forces, allocating different indicators from the environmental, social, and governance dimensions to various functional management departments. A cross-departmental collaboration mechanism has been established, creating a responsibility system with vertical and horizontal coordination, to ensure that all tasks are effectively executed.



Decision-making Process



ESG Strategy and Goals

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 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.

Green transition and development

We have established dual carbon targets to achieve peak carbon peak in our operations by 2030 and carbon neutrality by 2049. We are advancing the development of low-carbon industrial parks, aiming to achieve rooftop photovoltaic coverage across our parks by 2030. Based on 2021 levels, we target a 10% reduction in energy consumption intensity (energy use per RMB 10,000 of output value) and a 10% reduction in greenhouse gas emission intensity (GHG emissions per RMB 10,000 of output value) by 2030.

Fulfilling Social Responsibility

Promote rural revitalization, support public welfare efforts, help drive income growth and community wealth, and implement effective support measures to deliver rapid results.

Advancing Smart Transformation

Deepen the application of AI technology and improve digital management capabilities. With innovation as the core driving force of the ESG strategy, we will continuously enhance ESG practices through technological innovation, process upgrades, and management innovation.

Strengthening the Foundation of Governance

Strengthening the Foundation of Governance: Continuously improving corporate governance operating mechanisms, standardizing corporate operations, and establishing the objective of "no material governance deficiencies and no material violations of laws and regulations within the next three years."

Optimizing the supply ecosystem

We are establishing a full lifecycle ESG management system for supplier onboarding, evaluation, and exit. By 2030, 100% of suppliers will be required to commit to ESG responsibilities as part of our onboarding principles, and we will conduct supervision and assessments of suppliers' fulfillment of social responsibilities.

ESG Capability Building



ESG Professionals

The Company's Board has established an ESG Management Committee, which in turn has set up the ESG Management Office. The ESG Management Office is staffed with professionals who have backgrounds and experience in environmental economics and ESG-related fields. They are responsible for coordinating and executing specific ESG tasks. Additionally, specialized departments have been set up for environmental, occupational health, and safety management, energy and carbon emission management, and other relevant areas, with specialized personnel who possess skills across all ESG dimensions, working collaboratively to advance the Company's sustainable development.

ESG Training



The Company actively conducts specialized training to enhance the ESG expertise of relevant personnel. The training includes online and offline ESG-focused courses from the Shanghai Stock Exchange and the Listed Companies Association, as well as specialized training provided by professional ESG consulting firms hired by the Company. It also covers training on environmental protection, occupational health and work safety.

In 2025, the Company conducted five ESG-specific training sessions, with a 100% participation rate from relevant personnel in the ESG Management Office. Additionally, the Company actively organizes ESG-focused exchanges and learning sessions with other listed companies. In 2025, the Company conducted dedicated exchanges on ESG ratings with top-performing listed companies. Through training and learning, the ESG expertise of relevant personnel has been further enhanced.



ESG Evaluation

The Company has established an ESG evaluation and recognition mechanism. For two consecutive years, it has conducted ESG evaluations across its subsidiaries. In 2025, the evaluation criteria were further refined, with assessments made on various dimensions, including the performance of listed subsidiaries, non-listed subsidiaries' issue completeness, performance, and practical case studies. A total of two listed subsidiaries with excellent ESG performance, two non-listed subsidiaries, and two "ESG Pioneers" were selected. By establishing role models and promoting best practices, the Company aims to enhance its ESG competitiveness and solidify its management foundation for sustainable development.

ESG Awards and Ratings

In 2025, the Company was awarded several prestigious ESG honors, including the "2025 China ESG Pioneer Listed Companies Top 100" and "2025 China ESG State-owned Listed Companies Pioneer 100" by the State-owned Assets Supervision and Administration Commission, the "2025 Best Sustainable Development Practices Case for Listed Companies" by the China Listed Companies Association, the "Wind China ESG Best Practices 100 (Large-cap)" award, the "Third ESG New Benchmark Enterprise Award" by Securities Star, and the "2025 Annual 'Golden Peak' Excellent Case" by China National Radio's Finance Division.

The Company's ESG rating from wind improved from A to AA in 2025, and it received A ratings from both the CSI Index and the Huazheng Index. The Company also maintained excellent ratings with other specialized ESG rating agencies, demonstrating its outstanding ESG management and practices.



Selected as a "2025 Best Practice Case for Sustainable Development of Listed Companies" by the China Association for Public Companies



Wind "China Listed Companies ESG Best Practices 100 (Large-cap)"



China National Radio's Finance Division "2025 Annual 'Golden Peak' Excellent Case"



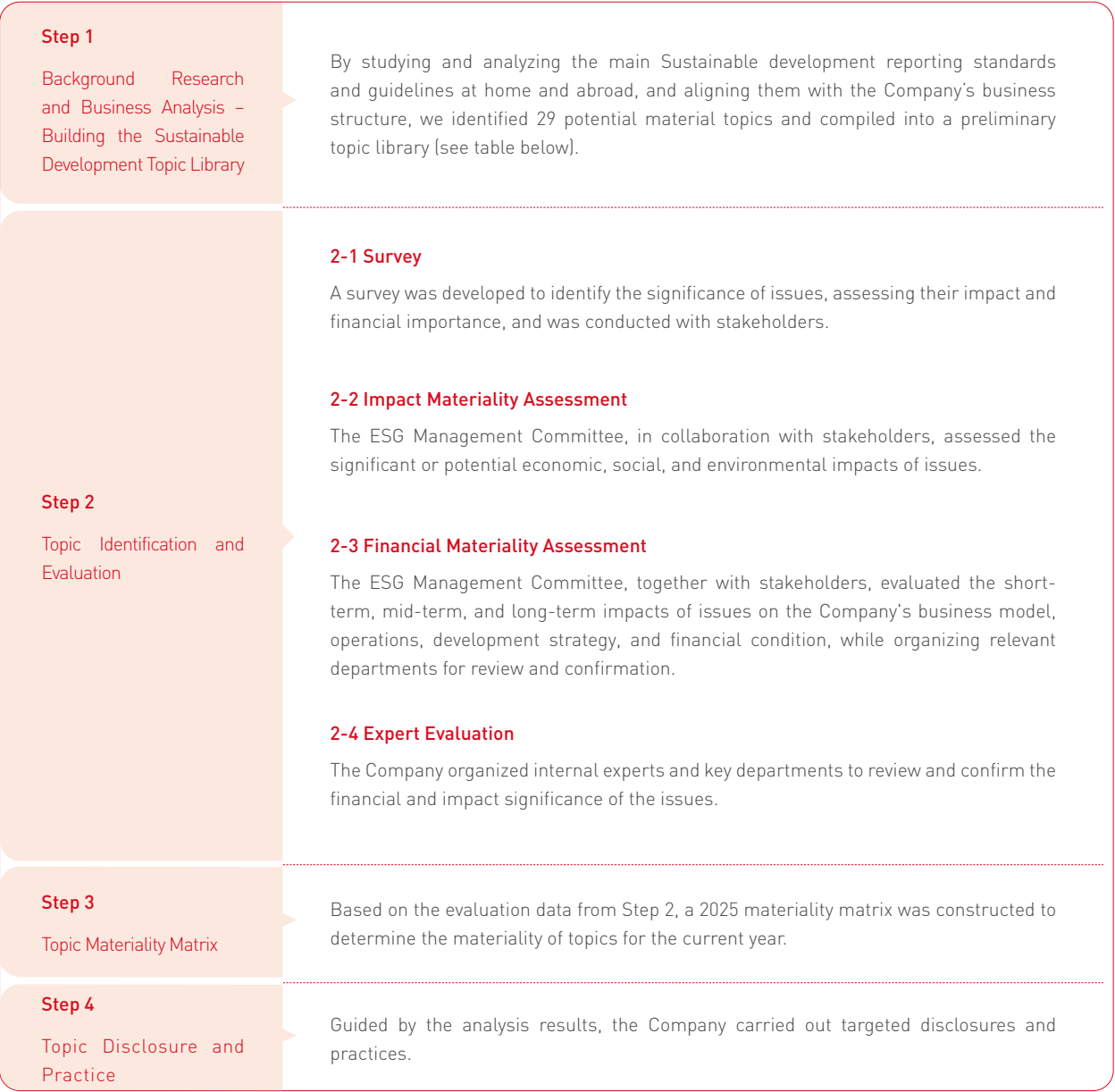
Securities Star "Third ESG New Benchmark Enterprise Award"

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 (2025)



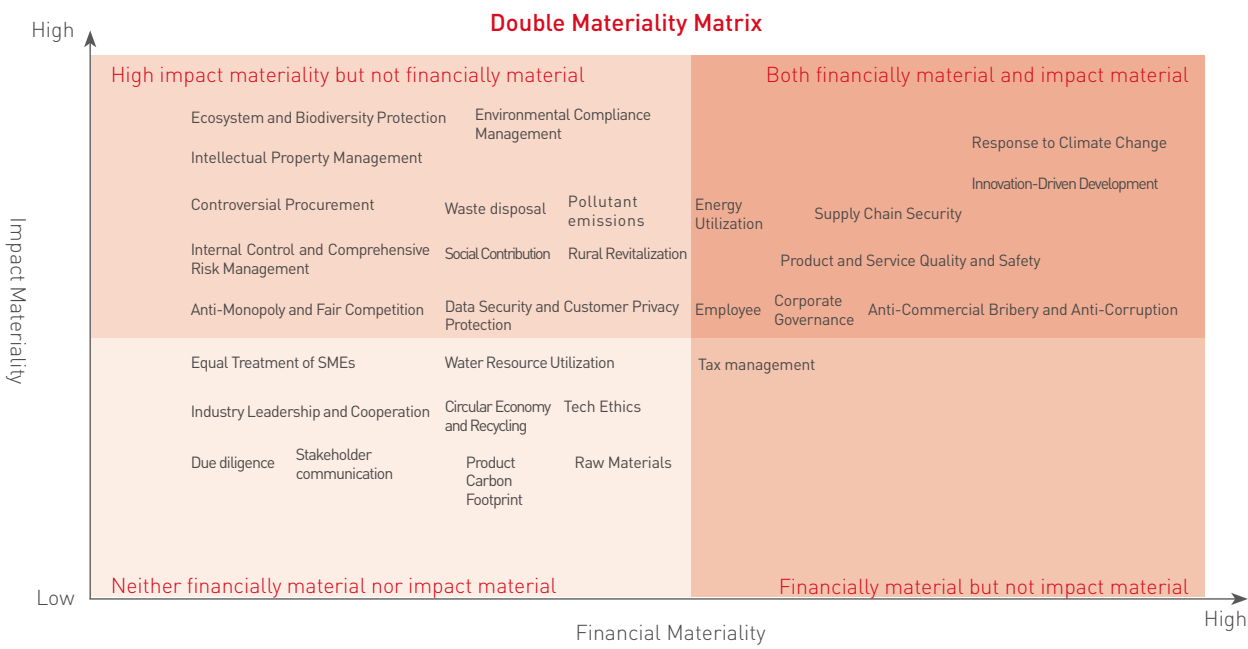
Sustainable Development Topic Library

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 of sustainable development and compiled sustainable development topic library as follows:

Environmental Issues	Social Issues	Governance Issues
Ecosystem and Biodiversity Protection	Intellectual Property Management	Internal Control and Comprehensive Risk Management
Environmental Compliance Management	Controversial Procurement	Anti-Monopoly and Fair Competition
Waste disposal	Social Contribution	Due diligence
Pollutant emissions	Rural Revitalization	Stakeholder communication
Water Resource Utilization	Data Security and Customer Privacy Protection	Corporate Governance
Circular Economy and Recycling	Industry Leadership and Cooperation	Anti-Commercial Bribery and Anti-Corruption
Product Carbon Footprint	Tech Ethics	Tax management
Raw Materials	Supply Chain Security	
Energy Utilization	Innovation-Driven Development	
Response to Climate Change	Product and Service Quality and Safety	
	Employee	
	Equal Treatment of SMEs	

Results of Double Materiality Analysis

Through the above steps, Sichuan Changhong identified 8 issues with both financial and impact significance, 1 issue with financial significance but no impact significance, 11 issues with impact significance but no financial significance, and 9 issues with neither financial nor impact significance. Among them, climate change response, energy use, supply chain security, innovation-driven development, product and service quality and safety, employees, corporate governance, anti-bribery and anti-corruption, and tax management are financially significant. The Company will provide detailed governance, strategy, risk, impact and opportunity management, indicators, and goals for these issues in the report.





Stakeholder communication

The Company 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 stakeholder demands.

Stakeholder	Demands and Expectations	Communication and Response
 Government or Supervisory Authority	• Compliance Operation • Tax Payment According to Law • Anti-corruption • Policy Response	• Symposium • On-site Interview and Investigation • Work Report
 Shareholder/Investor	• Corporate Governance • Risk Management • Return on Investment • Information Disclosure	• General Meeting of Shareholders • Investor Exchanges • On-site Investigation • Call and Meeting • E-mail and Online Interactive Platform
 Employee	• Protection of Employees' Rights and Interests • Employee Remuneration and Benefits • Employee Health and Safety • Employee Training and Development	• Labor Union • Daily Interview • Employee Symposium • Occupational, Health and Safety Training • Employee Satisfaction Survey
 Customer	• Product Quality Assurance • Customer Rights and Interests Protection • Customer Privacy Protection • Product Service Guarantee	• Customer Return Visits • Online Customer Service Hotline • Social Media Platform • Customer Satisfaction Survey

Due diligence

Sichuan Changhong continues to improve its due diligence governance system and specialized management systems, covering core business areas such as investment and acquisitions, supply chain, and overseas operations. The Company conducts multidimensional due diligence through an internal and external coordination model, establishes risk grading and remediation tracking mechanisms, effectively identifies and rectifies potential risks, and strengthens personnel capacity building and process supervision and evaluation to enhance the effectiveness of due diligence work. In the future, the Company will continue to deepen ESG due diligence, improve digital management capabilities, strengthen supply chain empowerment, and drive quality and efficiency improvements in due diligence work.

Stakeholder	Demands and Expectations	Communication and Response
 Supplier	• Transparent Procurement • Honest Cooperation • Win-win Cooperation • Product Responsibility	• Exhibition • Official Website • On-site Investigation • Real-time Communication Software
 Industry Association or Partner	• Technical Exchanges • Scientific and Technological Development • Industry Progress • Product Responsibility	• Industry Activities • Calls and e-mails
 Media	• Pollution Discharge • Product Responsibility • Protection of Employees' Rights and Interests • Response to Climate Change	• On-site Interview • Press Conference • Social Media Platform
 Public Welfare Organization or Community Organization	• Social Participation • Public Welfare • Employment Promotion	• Regular Return Visits • Dedication to Public Welfare • School-Enterprise Employment Cooperation

2025 Sustainable Development Highlights

	Governance Information	There were no acts of unfair competition. There were no major internal control deficiencies, nor any major non-compliance incidents.	The Company's internal control case was selected as a "2025 Best Practice Case for Internal Control of Chinese Listed Companies by the China Association for Public Companies, ranking first among local state-owned enterprise cases nationwide."
		100% coverage of board members and executives in anti-bribery and anti-corruption training.	4 regular reports, 105 temporary announcements, and 46 other reports and documents were disclosed, earning an A-level evaluation for information disclosure from the Shanghai Stock Exchange.
		From 2017 to 2025, the Company implemented cash dividends for nine consecutive years, totaling approximately RMB 1.173 billion in dividends.	1,852 special audits were conducted, achieving full audit coverage of the Company's business units and key economic areas.
		The Company answered 256 investor hotline calls and responded to 253 inquiries on the Shanghai Stock Exchange's e-interaction platform, achieving a 100% response rate.	The Company received an "AA" rating in the 2025 Wind ESG evaluation and was included in the Best Practices 100 list.
		85 systems were revised and improved by various functional departments, and 63 sales management systems for overseas subsidiaries were optimized.	Selected as "2025 Best Practice for Boards of Directors" and "2025 Best Practice for Board Offices" by the China Association for Public Companies.
	Environmental Information	Continuously optimizing the ISO 14001 Environmental Management System, with environmental management system certificates remaining valid for 27 units.	The comprehensive energy consumption per 10,000 units of TV products was 4.322 tonnes of standard coal equivalent (tce), and that of air-conditioning products was 11.19 tce per 10,000 standard sets, exceeding annual energy-saving targets.
		The completion rate and compliance rate of environmental monitoring for each unit reached 100%; the compliance rate for pollutant emissions was 100%; and the compliance rate for hazardous waste disposal was 100%.	Added 1 national-level green factory and 3 Sichuan provincial green factories; the total now includes 5 national-level green factories and 7 Sichuan provincial green factories.
		No major environmental incidents occurred, nor were there any penalties from environmental regulatory authorities due to environmental incidents.	Changhong Huayi successfully passed SGS "Zero Carbon Factory" certification, marking a milestone in the Company's green manufacturing efforts.
		Environmental protection training covered 33,758 participants. A total of 1,040 environmental risks were identified, of which 1,027 have been rectified.	Carbon emission intensity decreased by 3.54% year-on-year; overall energy consumption intensity decreased by 0.16% year-on-year.
			Green electricity usage and self-generated photovoltaic power reached 125.4937 million kWh, equivalent to reducing 68,851.39 tonnes of CO2 emissions.
	Social Information	Innovation achievements were awarded 1 second prize and 1 third prize in the Provincial Science and Technology Progress Awards, and 1 first prize in the China Association of Science and Technology Industrialization's Science and Technology Awards.	No product recalls, major product or service negative events, or significant product quality and safety incidents occurred.
		1 factory was selected as a "National-level Excellent Smart Factory", and 6 factories were selected as "First Batch of Advanced Smart Factories in Sichuan Province".	No data security or user information leakage incidents occurred.
		Continuously improving the ESG management system for suppliers and was awarded the title of "China Supply Chain ESG Management Demonstration Enterprise". We also promoted nearly 30 core suppliers to participate in ESG ratings, driving coordinated green transformation across the upstream and downstream value chain.	Conducted occupational health checkups for 9,302 employees in hazardous positions as required by law, with a 100% checkpoint rate; regularly conducted occupational disease hazard factor testing at work sites, with 4,045 points tested and a 100% pass rate.
		Participated in the preparation of the Supplier ESG Evaluation Guidelines and Enterprise Supply Chain ESG Management Requirements, filling the gap in domestic standards for supply chain ESG management.	Donated RMB 2.7 million to support the introduction of high-quality breeding livestock in assisted areas, promoting the quality upgrading of the yak industry; donated RMB 1 million to set up an education fund in key assisted areas for rural revitalization to support the development of the teaching workforce.
		The Company recorded 0 work-related fatalities, 0 cases of occupational diseases, and an occupational disease incidence rate of 0.	Purchased RMB 11.601 million worth of agricultural and specialty products, helping agricultural and pastoral enterprises in supported regions expand and upgrade, benefiting 6,433 local residents.

Changhong's long-standing foundation

building a solid base for development

“

Sichuan Changhong continues to optimize the corporate governance system, embedding risk control into every aspect of business management, creating a clean and positive business environment, deepening healthy interactions with the capital markets, practicing compliant tax governance, and enhancing multi-dimensional governance to strengthen the Company's operations, injecting continuous momentum for long-term development.

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Respond to the United Nations Sustainable Development Goals

16

PEACE, JUSTICE AND STRONG INSTITUTIONS



17

PARTNERSHIPS FOR THE GOALS





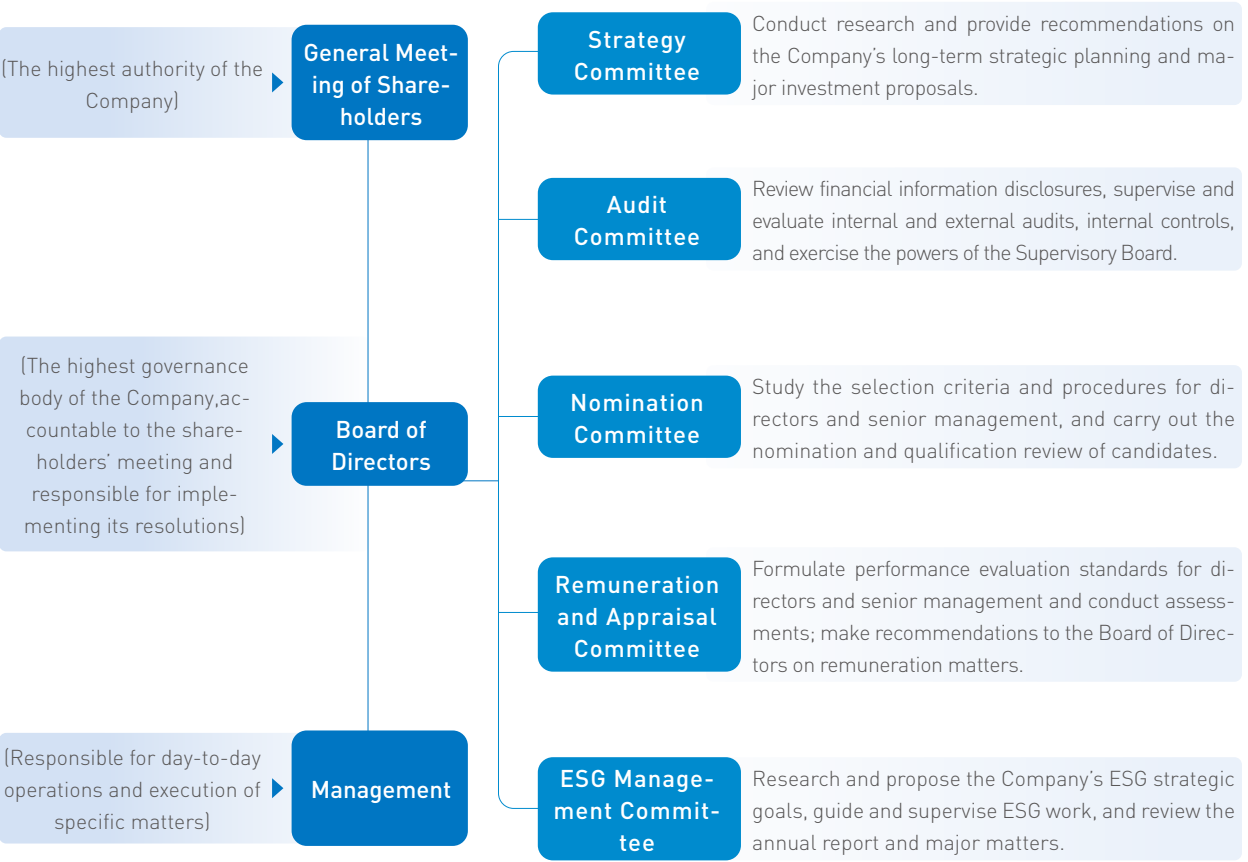
Optimizing the Corporate Governance System

Sichuan Changhong is committed to deeply integrating sustainable development into governance practices, improving the governance structure, promoting management’s focus on long-term value creation, achieving synergy between corporate governance effectiveness and development goals, and providing a solid governance foundation for high-quality development.

Governance

The Company operates in strict compliance with the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Corporate Governance Code for Listed Companies*, the *Guidelines for the Articles of Association of Listed Companies*, and the *Listing Rules of the Shanghai Stock Exchange*, as well as other relevant laws, regulations, and regulatory requirements. In 2025, in accordance with the new *Company Law*, the Supervisory Board was abolished, with the Audit Committee of the Board assuming its responsibilities. Currently, the Company has established a governance system centered on the Shareholders’ Meeting, the Board of Directors, and the Management. Through core management systems such as the *Articles of Association*, *Shareholders’ Meeting Rules*, *Board of Directors Rules*, and *Internal Authorization Manual*, the boundaries of authority and responsibility at each level are clearly defined, creating a mechanism of checks and balances in decision-making, execution, and supervision.

Governance Structure of Sichuan Changhong



Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Corporate Governance Deficiencies	Revenue (decline)	Medium term Long term	Medium	- Closely monitor and track regulatory developments, diligently study regulatory rules, and regularly improve governance-related systems. - Strengthen training for directors and senior management, and enhance their ability to perform their duties. - Purchase Directors' and Officers' Liability Insurance to strengthen compliance protection for directors.
Information Disclosure Violations	Rising Costs	Short term Medium term Long term	Medium	- Improve the information disclosure management system and strengthen multi-level review of information disclosure. - Continuously study regulatory rules and enhance the capacity building of the information disclosure team.
Insufficient Protection of Shareholders' Rights	Rising Costs	Medium term Long term	Medium	- Strengthen communication with investors to convey the Company's actual business situation and intrinsic value. - The Company has developed the "Quality Improvement, Efficiency Enhancement, and Return Focus" plan, developed the "Market Value Management System", and executed long-term shareholder return plans.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Enhanced Compliance and Risk Control Capabilities	Cost Reduction	Medium term Long term	Medium	- Strengthen compliance management across all areas, units, and key fields of the Company, continuously building a culture of compliance. - Enhance compliance management in overseas business areas, proactively plan for compliance transformation, and seize market opportunities. - Continuously carry out compliance certification to enhance the Company's competitive edge in compliance.

Risk, Impact, and Opportunity Management

General Meeting of Shareholders

The Shareholders' Meeting is the highest authority of the Company, and the Company operates in strict accordance with the relevant laws, regulations, and requirements of the *Articles of Association* and the *Shareholders' Meeting Rules*. 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 3 Shareholders' Meetings, all of which passed the proposed resolutions. The procedures for convening and voting in each Shareholders' Meeting were legal and valid, with lawyers present to witness the meetings. The Company also provided shareholders with secure, cost-effective, and convenient online voting methods, protecting the legitimate rights of minority investors.

During the reporting period

The Company held

3 Shareholders' Meetings

13 proposals for deliberation

Board of Directors

The Board of Directors, as the highest governance body, is responsible for convening the Shareholders' Meeting, reporting on its work, executing resolutions passed by the Shareholders' Meeting, and exercising decision-making powers on significant Company matters. The Board of Directors has five specialized committees: the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the ESG Management Committee. It has also established a dedicated meeting mechanism for independent directors, promoting scientific and refined governance decision-making.

2025:

Held 23 Board of Directors meetings

Reviewed 82 proposals

Held 6 Audit Committee meetings

Held 2 Remuneration and Appraisal Committee meetings

Held 1 Strategy Committee meeting

Held 1 Nomination Committee meeting

Held 2 ESG Management Committee meetings

Board attendance rate was 100%

The proposal approval rate was 100%

In 2025, the Company was awarded the "2025 Best Practice Case for Boards of Directors of Listed Companies" and the "2025 Best Practice Case for Board Offices of Listed Companies" by the China Association for Public Companies, and the Company Secretary to the Board received a "2025 Board Secretary Performance Evaluation 5A Rating" from the China Listed Companies Association.



Board Diversity Statement

The Company places great importance on board diversity, striving to create a diverse board composition in terms of age, professional background, international experience, gender, and educational qualifications, providing broader perspectives for decision-making and continuously enhancing governance and decision-making quality.

During the reporting period, the Company had a total of 9 board members, including 6 internal directors and 3 independent directors. The Company's board members cover diverse professional fields, including management, accounting, business, and technology, each possessing extensive experience and the knowledge, skills, and qualifications necessary to perform their duties.

During the reporting period



The Company had a total of

9 board members

Including

6 internal directors

3

independent directors

Name	Gender	Positions	Age	Education Background
Liu Jiang	Male	Chairman	56	Master's degree
Heng Guoyu	Male	Director	58	Bachelor's degree
Yang Jin	Male	Vice chairman	48	Master's degree
		General manager		
Hou Zongtai	Male	Director	58	Bachelor's degree
Duan Enchuan	Male	Director	50	Bachelor's degree
He Long	Male	Director	41	Doctoral degree
Qu Qing	Male	Independent director	56	Doctoral degree
Wang Xin	Male	Independent director	43	Doctoral degree
Yan Jinjiang	Male	Independent director	52	Doctoral degree

Note: Hou Zongtai, Duan Enchuan, and He Long submitted resignation letters to the Company on December 18, 2025, resigning from their positions as directors. After review and approval at the 41st Board meeting and the Extraordinary General meeting of 2026, Zhang Xiaolong and Shao Min were elected as new directors on January 5, 2026. Wang Pingsong was elected as the new employee representative director by the Employee Representative Congress on January 22, 2026.

• Board Independence

The Company's board includes 3 independent directors, accounting for 33.33% of the total board members, with one accounting professional, meeting the requirements for the number and professional qualifications of independent directors as specified in the *Measures for the Administration of Independent Directors of Listed Companies*. The proportion of independent directors on the Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee is 60%, 66.67%, and 60%, respectively.

In 2025, the Company revised and published the *Independent Director Working System* and the *Independent Director Special Meeting System*, which provide detailed regulations on the appointment requirements, independent opinions, and safeguards for the performance of duties for independent directors, ensuring the independence of the Board. In 2025, the Company held 5 special meetings for independent directors under the Board, reviewing major matters such as related-party transactions and audits, making independent judgments and decisions that provided valuable references for the Board's decision-making.

In 2025, independent directors conducted a total of 6 on-site investigations into subsidiaries and industrial entities. This effectively regularized the summer joint on-site working mechanism for independent directors of the Company and its listed subsidiaries, promoted their in-depth participation in corporate governance, and ensured effective performance of supervisory duties. During the reporting period, each independent director spent more than 15 days on-site.

• Board Effectiveness

The Company places high importance on the effectiveness and governance efficiency of the Board, conducting regular assessments of the Board and its special committees annually, considering factors such as meeting attendance, duty performance, opinion expression, and the provision of professional advice.

01 Nomination and Selection Process

Directors are elected by the Shareholders' Meeting, and the Chairman of the Board is elected by a majority vote of the Board of Directors. Board members are selected and reviewed by the Nomination Committee, nominated by the Board, approved by the Shareholders' Meeting, and filed with the regulatory authority; employee representative directors are elected democratically by the Employee Representative Congress or other democratic procedures.

02 Provisions on Terms of Office

The *Articles of Association* stipulate that the term of office for directors shall not exceed 3 years. As of the end of the reporting period, the terms of office of the Board members did not exceed the stipulated duration.

03 Decision-making Mechanism

The Company implements shareholder resolutions in accordance with the *Rules of Procedure for Board Meetings*, conducts pre-evaluations and preliminary studies on major proposals, and continuously enhances the Board's decision-making efficiency.

04 Avoiding Conflicts of Interest

In 2025, the Chairman of the Board did not concurrently serve as an executive. The responsibilities and authority between the senior management and the Board are clearly defined, avoiding conflicts of interest.

• Performance Capability Development

The Company actively organizes training sessions for directors and senior executives, provided by regulatory bodies, exchanges, and listed company associations, covering corporate governance, market value management, and sustainable development. In 2025, the Company's directors and senior executives attended a total of 8 training sessions, promoting systematic learning and enhancing their performance capabilities in the work of the Board.

During the reporting period

The Company's directors and senior executives attended a total of

8 training sessions

Executive Remuneration

The Company has formulated regulations such as the *Working Rules for the Remuneration and Appraisal Committee of the Board of Directors*, *Remuneration and Performance Evaluation Scheme for Senior Management*, and the *Negative List Evaluation Criteria*, establishing a clear remuneration mechanism for directors and senior executives, and linking executive remuneration to ESG performance. The Board has established a Remuneration and Appraisal Committee responsible for formulating and reviewing remuneration policies and plans for directors and senior management.



Remuneration Policies and Procedures

- The Company has formulated and implemented remuneration-related regulations, including the Rules of Procedure for the *Working Rules for the Remuneration and Appraisal Committee of the Board of Directors*, *Remuneration and Performance Evaluation Scheme for Senior Management*, 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.



Remuneration Structure and Appraisal

- The Company adopts a performance-oriented approach and benchmarks remuneration against industry standards in the home appliance sector, 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 has developed the *Negative List Evaluation Criteria*, incorporating ESG-related tasks such as safety and environmental protection, quality assurance, non-compliant operations, and risk prevention into the negative list for executive performance evaluations, deducting points as necessary.

Related-party Transaction Management

The Company has established the *Related Party Transaction Management System*, clarifying the responsibilities of departments, the scope of related party transaction management, internal controls, and external disclosure requirements. Ensures fair pricing of related party transactions, compliance with approval processes, and timely information disclosure.

Indicators and Goals

The Company continues to focus on building a modern, compliant, and efficient governance system, strengthening top-level design and responsibility coordination, ensuring stable operations. In 2025, the Company experienced no major governance deficiencies or violations of laws and regulations and achieved its pre-set annual goals.



Strengthening Internal Control and Risk Prevention

Sichuan Changhong adheres to compliance and internal control as the cornerstone of corporate operations, establishing risk management mechanisms, strengthening internal auditing and legal management, and ensuring effective corporate governance and operational compliance, building a solid security barrier for sustainable development.

Compliance and Internal Control

The Company views "compliance and internal control" as the cornerstone for steady progress, continuously improving system construction, strengthening execution, and ensuring legal and compliant operations.

Compliance and Internal Control Management System

Management Structure

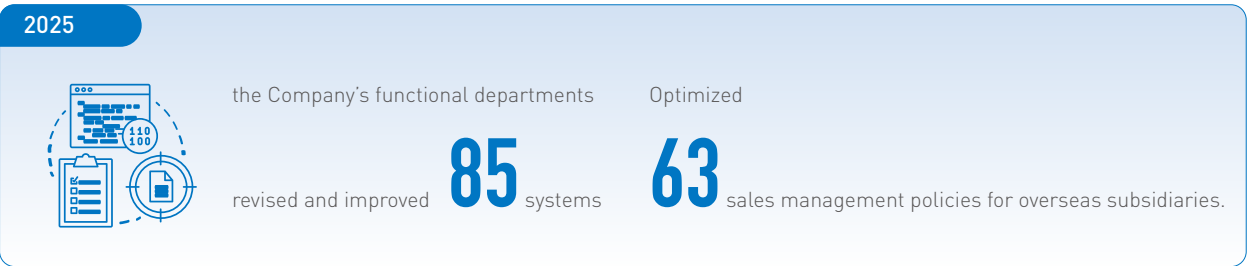
At the management level, the Company has established a Compliance and Risk Control Committee and appointed a Chief Compliance Officer, responsible for studying major compliance issues and reviewing compliance work plans. The Company has set up an office for the Compliance and Risk Control Committee, with two full-time compliance management personnel. All of the Company's first-tier subsidiaries have appointed Chief Compliance Officers, responsible for leading the subsidiaries' compliance management departments and business units in conducting compliance work. Currently, the Company's platform departments and first-tier subsidiaries have all appointed Compliance Administrators and Contract Administrators, staffed by individuals with strong compliance risk awareness and a deep understanding of business operations, driving the compliance management team to deepen and expand its reach.

Meanwhile, the Company has appointed two dedicated legal affairs personnel and engaged a third-party law firm as its standing legal counsel to provide professional support, including contract review, legal training, and legal consultation. This ensures the full implementation of the 'organization, responsibilities, and personnel' framework for compliance management.



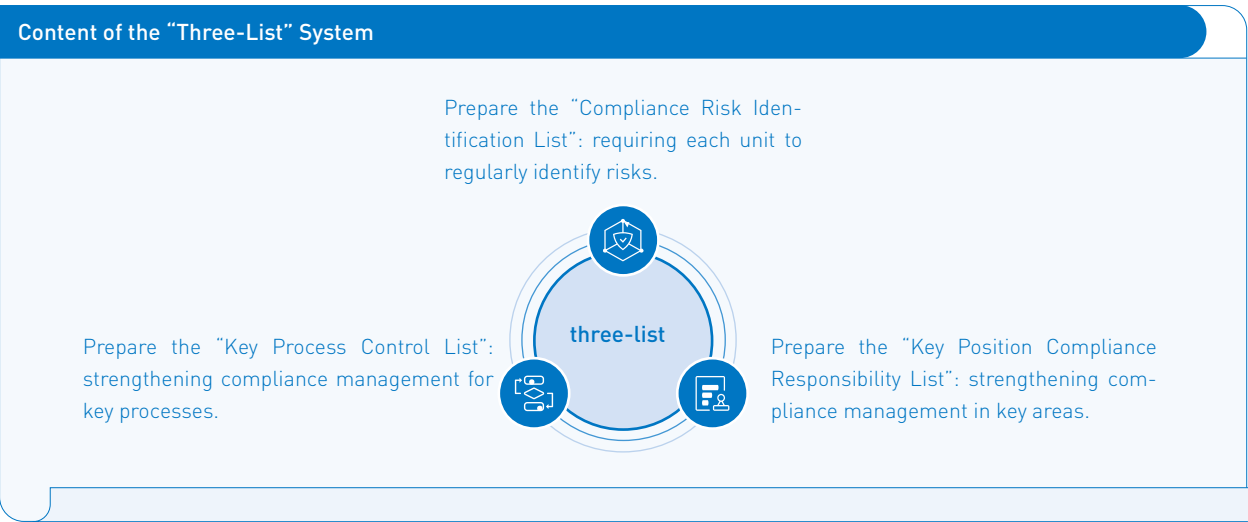
Management Systems

The Company has established the *Basic Compliance and Risk Control Management System* and various business management systems, forming a “1+N” compliance and risk control management system that integrates the basic compliance management system with specific business management systems. The Company integrates compliance management requirements into its regulations, rules, and business processes, organizing periodic comprehensive reviews of internal controls, risk, and compliance management systems, continuously improving the system framework, and strengthening enforcement of these systems.



Optimizing the “Three Lists” Management

In 2025, the Company used the “Three Lists” as a tool to promote deep integration of “business and regulations”, requiring each functional department to embed compliance management into all aspects of business management, ensuring compliance requirements are fully integrated into business management.



Strengthening Compliance Reviews

To further consolidate and enhance the Company’s compliance management, in 2025, the Company’s platform departments developed the *Special Action Plan for the “Year of Deepening Compliance Management”*, promoting the implementation of 41 compliance management measures, fulfilling compliance review responsibilities, managing major risks, and preventing and mitigating operational risks.

Compliance Training and Cultural Development

The Company places great importance on building a compliance culture. In 2025, the Company organized “Compliance System Standards and Compliance Position Duty Performance Training”, with over 110 participants attending on-site. The Company also held one overseas business compliance risk management seminar for its overseas subsidiaries to promote the sharing of compliance risk response experiences. The Company organized 8 compliance training sessions for the management team.

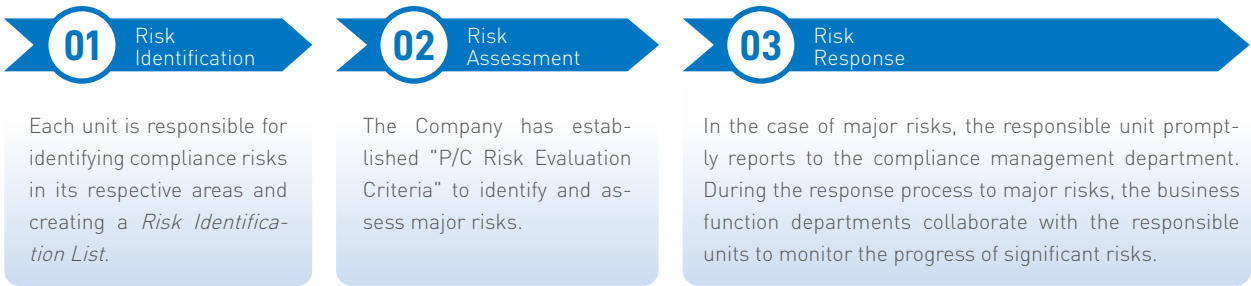


Compliance System Standards and Compliance Position Duty Performance Training

Comprehensive Risk Management

Risk Management Process

The Company has established mechanisms for risk identification, monitoring, and response, requiring each unit to create a *Risk Identification List* and conduct dynamic assessments of risks, adjusting response measures in real-time based on changes in risk conditions.



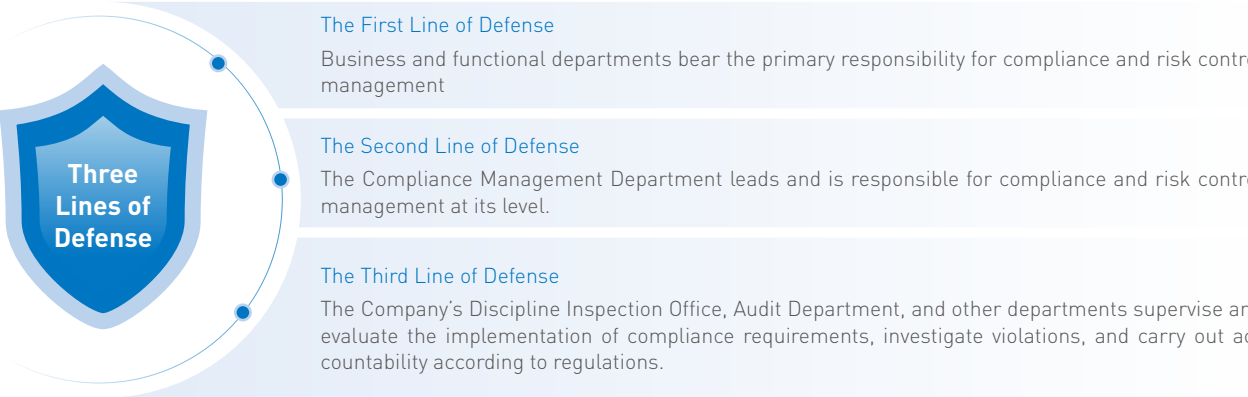
ESG Risk Management

The Company has established an ESG risk management mechanism involving the Board of Directors. The ESG Management Committee of the Board participates in ESG risk management, conducting analysis and evaluation of ESG risks and opportunities, and providing overall supervision. Additionally, the Company has integrated ESG risk management into the overall risk management system, identifying, assessing, and responding to ESG-related risks through a systematic process, ensuring sustainable development while keeping risks under control.

At the corporate level, the Company has established a coordination mechanism between functional departments and subsidiaries, following ISO international standards. Based on actual conditions, the Company regularly conducts ESG risk identification and assessment in key areas such as supply chain security compliance, labor management, anti-corruption, environmental protection, climate change, product quality, corporate governance, and occupational health and safety. Targeted control measures are formulated, and a unified ESG risk identification and management list is established, achieving normalized and standardized management of ESG risks. Specific identification and assessment results are detailed in the relevant “Strategy” section.

Deepening the “Three Lines of Defense” Control

The Company continues to deepen the “Three Lines of Defense” in risk management, continuously strengthening the implementation of compliance risk identification, assessment, and prevention efforts.



Major Risk Ledger

The Company has established a Major Risk Ledger, collaborating to analyze and respond to major risks across departments and subsidiaries. In 2025, the Company issued 12 monthly briefs on major risk management, covering the credit risk, legal risk, market risk, and other major risks faced by 10 key entities within the Company and the consumer business scope, providing information and reference for decision-making on major risk responses by the management.

Strengthening Audit and Legal Management

Audit Management

The Company conducts independent and objective supervision and evaluation, comprehensively reviewing the corporate governance, internal controls, processes, compliance, and cultural systems, in-depth identifying major risk hazards, and safeguarding the Company's high-quality development. In 2025, the Company revised and issued the *Procurement Price Comparison Audit Management Measures and Internal Audit Rectification Management System*, embedding audit models into key risk points in business processes through the smart risk early-warning system. A “pre-warning - in-process control - post-event closure” full-process management mechanism was established to improve the timeliness of risk identification and response.

In 2025, the Company conducted 1,852 special audits, achieving comprehensive audit coverage of its business units and key economic areas. The Company raised 474 audit rectification requirements, supervised the completion of 372 rectifications, and 102 remain in progress. A total of 215 audit management suggestions were made, of which 198 were adopted, effectively promoting the improvement of compliance operations and management standards.

During the reporting period

There was
no change
in the auditing firm

2025



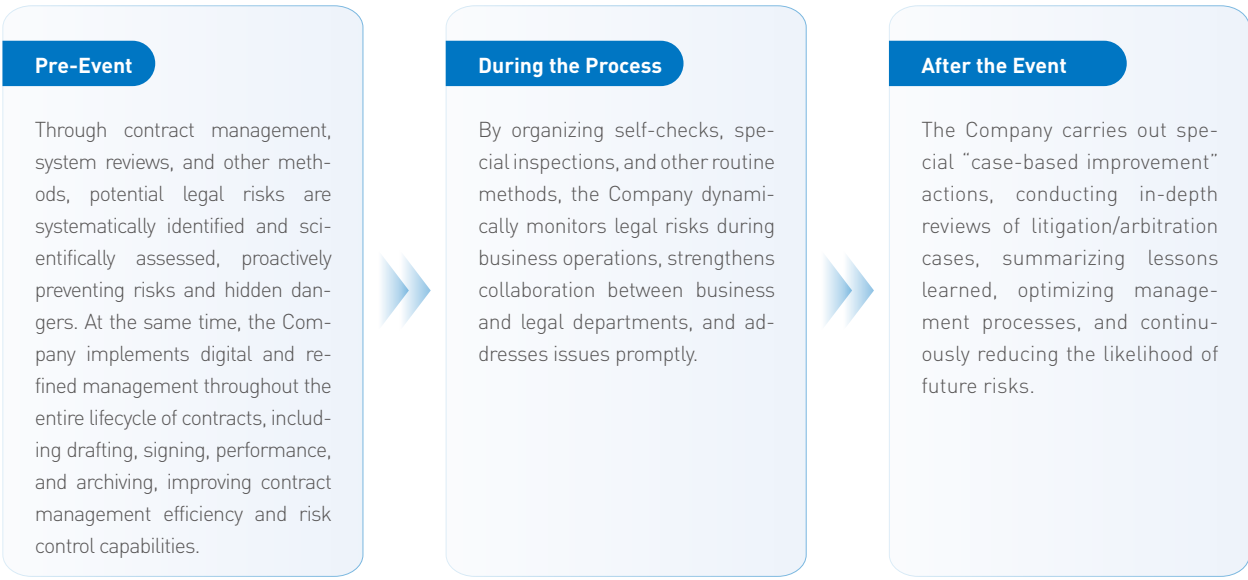
Legal Management

Legal Management System

The Company has established a legal management system centered around the *Legal Affairs Management System*, with supporting specialized systems such as the *Contract Management Measures* and *Overdue Accounts Receivable Legal Recovery System*. It has formed a management structure with “General Counsel - Legal Affairs Department and External Counsel Team - Business Departments”, where the General Counsel oversees legal affairs and participates in major decisions, the legal team handles specific management and execution, external lawyers provide professional support, and business departments collaborate to implement legal management requirements, forming an efficient and coordinated management framework.

Legal Risk Management Mechanism

The Company has established a full-cycle legal risk control mechanism, forming a closed-loop process of “pre-event identification and assessment - in-process dynamic control - post-event review and improvement”.



Adherence to Ethical Business Practices

Sichuan Changhong always upholds integrity and honest business practices, internalizing anti-bribery and anti-corruption as core elements of its corporate culture. The Company firmly opposes any form of monopoly and unfair competition, actively maintaining a healthy and orderly market environment.

Anti-bribery and Anti-corruption

The Company strengthens its institutional framework, enhances education for all employees, and deepens its supervision mechanisms, adhering to a “zero-tolerance” policy toward corruption. It continuously improves reporting, investigation, and accountability mechanisms to ensure fairness and integrity in business transactions.

Governance

The Company continuously improves its integrity risk prevention management system, and has established systems such as the *Implementation Measures for Accountability for Violations in Business Operations and Investment*, *Several Provisions on Integrity Conduct for Leading Cadres at All Levels*, *Measures for the Management of Petitions and Whistleblowing*, and *Guidelines for the Integrity Risk Prevention Management System*. The leader in charge of the Company is responsible for anti-corruption and anti-bribery matters. A special responsible office has been established as the coordinating and executing body for anti-corruption issues. Additionally, a secondary risk control matrix is set up in operational platforms and business groups, creating a dual-layer governance structure of “headquarters control + business cluster linkage”.

Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Property losses caused by commercial bribery and corruption	Revenue (decline) Assets (decline)	Short term Medium term	High	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.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Enhance corporate image to attract premium clients and partners	Revenue increase	Medium term Long term	High	Increase publicity of corporate integrity culture to showcase a positive corporate image.

Impact, Risk, and Opportunity Management

Strengthening Supervision and Management

The Company promotes the implementation of the dual responsibilities of a single position checklist system for leadership members, strengthens grassroots discipline inspection guidance, uses “learning through doing” to guide subsidiary discipline inspection work, and improve the “multi-dimensional integration” coordination mechanism among discipline inspection, auditing, and other departments. A joint meeting, joint investigation, and accountability mechanism has been established to build a multi-dimensional risk prevention system.

Anti-corruption Risk Identification and Control

The Company conducts routine annual identification of major corruption-related risks, including those in operations management, investment and M&A, financial management, procurement and sales management, engineering construction, fixed asset investment, risk management, and audit rectification. In 2025, the Company carried out integrity risk screening for positions across functional departments and subsidiaries, established a risk identification list, and formulated specific measures for integrity risk prevention.

Whistleblowing Mechanism and Whistleblower Protection

The Company has set up a whistleblowing hotline and mailbox, ensuring that whistleblowers can submit information safely and conveniently, either anonymously or with their real names. Every lead is investigated promptly, thoroughly, and fairly, while protecting the legal rights of the individuals involved.

Public whistleblowing Channels

The Company has built an integrated “online + offline” reporting network, embedding the supervision phone number (0816-2412388) and supervision email (chjwjb@changhong.com) into contract documents and disclosing them on recruitment, bidding, and other pages. A total of 95 whistleblowing boxes were set up in densely populated areas such as office spaces and factory areas across 45 subsidiaries, both in Mianyang and other locations, providing accessible reporting channels to external stakeholders.

Whistleblower Protection

The Company has formulated the *Measures for the Management of Petitions and Whistleblowing*, which clearly define the protection measures for whistleblowers and penalties for disclosing whistleblower information. This includes strict protection of whistleblower information and reporting content, prohibiting the disclosure or transfer of whistleblowing materials and whistleblower information, and ensuring the confidentiality of the whistleblower’s identity throughout the investigation process. Violations such as information leakage or retaliating against whistleblowers are subject to strict disciplinary action to effectively protect the legal rights of whistleblowers.

Whistleblowing Handling Process

01 Lead Reception	Multiple channels are used to receive whistleblowing leads. These leads are screened to determine whether they fall within the scope of the disciplinary inspection. Non-relevant leads are either transferred to relevant departments or communicated back to the whistleblower.
02 Registration and Filing	The leads received are assigned a unique number, registered, and filed under centralized management.
03 Tiered Handling	Leads are handled according to the management level. The Company directly handles leads involving key management personnel, while grassroots-level leads are assigned for handling with results reported for record and cases without substantial evidence are closed after review.
04 Categorized Handling	Real-name reports are prioritized for handling, with feedback provided and rewards granted in accordance with relevant regulations. Anonymous reports are not subject to identity verification unless authorized by higher management.
05 Result Processing	Repeated, unsubstantiated, malicious, or mistaken reports, as well as reports focusing on specific units, are classified for processing, with false claims being clarified, malicious accusations leading to accountability, and mistaken reports addressed through education.
06 Closure of the Case	After completing the investigation and handling, all records are retained and archived, with strict confidentiality management requirements adhered to throughout the process.

• Anti-bribery and Anti-corruption Training

The Company has taken multiple measures, including “leadership-led integrity lectures, targeted and tiered measures, and deepening the effectiveness of warning education”, to carry out anti-corruption education and strengthen the ideological defense system.

2025

- ◆ The Chairman held integrity talks with over 140 newly promoted and young cadres.
- ◆ The Discipline Inspection Secretary conducted “three briefings” talks with 3 newly appointed principal leaders and group talks with 35 newly promoted cadres.
- ◆ Organized 7 integrity training sessions for new employees, covering over 1,500 participants.
- ◆ Conducted targeted integrity education for 18 young cadres, over 150 key cadres, and 53 newly promoted cadres.

• Supplier Anti-corruption Management

The Company takes two actions in addressing violations by suppliers and business partners: first, placing them on a blacklist and ending cooperation; second, for those suspected of bribery or harming the Company’s interests, it seeks economic compensation in accordance with contractual provisions and, where criminal conduct is involved, pursues legal liability.

◆ Metrics and targets

The Company maintains a strong anti-corruption stance, adhering to a zero-tolerance, full-coverage, and no-exemption policy. We focus on key areas and critical processes involving concentrated authority, capital, and abundant resources, and conducts in-depth investigations into emerging and concealed forms of corruption. In 2025, the Company achieved its annual goal for the “Anti-corruption” initiative.

Indicators	Targets for 2025	Progress in Reporting Period
Percentage of directors who received anti-bribery and anti-corruption training	100%	Completed
Percentage of management who received anti-bribery and anti-corruption training	100%	Completed
Coverage rate of warning education	100%	Completed
Training coverage rate for middle management, new employees, and key position employees	100%	Completed
Whistleblowing handling rate	100%	Completed

Antitrust and Fair Competition

The Company strictly adheres to 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, establishing a fair competition management system that covers the entire business chain. The Company’s General Management Department is responsible for coordinating and managing the Company’s anti-monopoly and fair competition matters. During the reporting period, the Company did not engage in any unfair competition, and there were no major internal control deficiencies or significant non-compliance issues.

During the reporting period

No unfair competition acts occurred

No material weaknesses in internal control

No significant non-compliance issues

In 2025, the Company held one training session on the “Anti-Monopoly and Anti-Unfair Competition Laws”, with over 80 employees covering heads of various business areas across the Company, further strengthening employees’ awareness and ability to prevent legal risks. At the same time, the Company’s subsidiaries, in accordance with their industry characteristics, have formulated anti-monopoly and fair competition measures to prevent monopolistic behavior.

081 Group

The department organized all members to study the *Anti-Monopoly Law* and other industry-specific anti-monopoly regulations, and pricing is done strictly according to the Company’s pricing system after being calculated by the Pricing Center. For external sales contracts and cooperation agreements, a *Sales Contract Review Form* or *Legal Document Approval Form* must be initiated. The documents shall be reviewed by the Asset and Finance Department and the Legal Department before sealing, to ensure that no anti-competitive clauses are included.

Changhong Hongxin

In line with the characteristics of the software industry, The Company focuses on identifying potential anti-competitive agreements, including whether competitors have entered into price-fixing or market allocation agreements, as well as whether there are behaviors involving the abuse of dominant positions to force partners to accept unreasonable conditions, with a focus on preventing antitrust risks such as monopolistic agreements and abuse of market dominance.



Strengthening Investor Relations and Information Disclosure Practices

Sichuan Changhong responds promptly to investor concerns, communicates the Company's strategy and ESG practices, optimizes the shareholder rights protection mechanism, and is committed to building a long-term, stable, and trust-based investor relations ecosystem.

Investor Relations Management

In 2025, in accordance with the latest regulatory rules, the Company revised the *Sichuan Changhong Investor Relations Management Measures*, clarifying that the Chairman is the primary person responsible for investor relations management, the Board Secretary is the main responsible person, and the Board Office serves as the functional department for investor relations management. The Company has appointed an IR Officer responsible for daily management of investor relations (IR), organizing IR activities, and using a combination of online and offline interactive methods to manage investor relations, responding promptly to investor requests.

2025:

Answered **256** investor hotline calls

Responded to **253** inquiries on the Shanghai Stock Exchange E-interaction platform, achieving a 100% response rate

Held **3** performance briefing sessions throughout the year

Held **5** institutional investor research meetings

Participated in **19** investor roadshow events in total

A total of **217** investors have been engaged in in-depth communication.

On June 10, 2025, the Company held the 2024 Shanghai Stock Exchange Main Board Smart Home Annual Performance Briefing and the 2025 Q1 Performance Briefing, combining live communication, video streaming, and online text interaction. The senior management engaged deeply with investors, and the event was recognized by the China Listed Companies Association as the "2024 Best Practice Case for Annual Report Performance Briefing".

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On July 2, 2025, the Company, in collaboration with Changjiang Securities, hosted the "I Am a Shareholder – Investors Visit Sichuan Changhong" event. Over 20 investors visited the Changhong Technology Museum and the Smart Manufacturing Industrial Park, engaging in in-depth discussions with the Company's senior management. The event facilitated smooth communication channels with investors and effectively conveyed the Company's value.



Information Disclosure Management

The Company has established a clear and standardized information disclosure management hierarchy. The Chairman is the primary person responsible for the Company's information disclosure. The Board Secretary coordinates and oversees the process, while the Board Office organizes and implements daily disclosure work, with a dedicated team handling execution. This structure ensures a clear and efficient information disclosure management system.

The Company strictly complies with relevant securities market laws and regulations. During the reporting period, the Company revised its *Information Disclosure Management System*, *Information Disclosure Deferral and Exemption Management System*, *Major Information Internal Reporting System*, *Insider Information Registrant Management System*, and *External Information User Management System*. Through the preparation and release of quarterly, semi-annual, annual, and ESG reports, the Company ensures systematic, timely, accurate, and complete disclosure of business information, in compliance with all disclosure requirements for listed companies.

2025:

4 regular reports (excluding report summaries)

105 temporary announcements

46 other reports and documents

2025:

A-level information disclosure rating from the Shanghai Stock Exchange

China Securities Journal "Golden Bull Award (2024 Best Information Disclosure Award)"

Shareholder Rights Protection

In 2025, the Company's Board of Directors approved the *Market Value Management System*, implemented long-term shareholder return plans, and continued cash dividends and share repurchases to improve market value management efficiency and maintain the stability of the Company's market value and market confidence.

Dividends

From 2017 to 2025, the Company implemented cash dividends for 9 consecutive calendar years, with a total dividend distribution of approximately RMB 1.173 billion.

Repurchase

On May 8, 2025, and June 26, 2025, the Board and Shareholders' Meetings approved a share repurchase program with a total repurchase amount between RMB 250 million (inclusive) and RMB 500 million (inclusive).

Shareholder Appreciation

In September 2025, the Company launched a shareholder appreciation event, offering exclusive and high-quality products and services to all shareholders, receiving widespread recognition from shareholders.



 Practicing Compliant Tax Governance

Governance

The Company strictly adheres to *the Law of the People's Republic of China on the Administration of Tax Collection*, *the Enterprise Income Tax Law of the People's Republic of China*, and *the Interim Regulation of the People's Republic of China on Value-added Tax*, and follows the principle of "top management responsibility". The Company's top executive is designated as the head of tax management, with dedicated tax personnel in each subsidiary, implementing a "unified leadership, hierarchical management, regional coordination, and full participation" tax management system.

The Company systematically discloses complete tax information in its annual financial reports, covering applicable tax rates, executed tax incentive policies, and the legal basis for those policies. In its regularly released financial reports, the Company also clearly presents data such as taxes payable, continuously enhancing the transparency of its tax information.

Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
The implementation of OECD global minimum tax and issues regarding international tax transfer pricing fairness have led to risks of double taxation, transfer pricing adjustments, and overseas tax audits for cross-border operations.	Increased costs and expenses	Medium term Long-term	High	- Establish a cross-border tax management system, standardize transfer pricing management, prepare contemporaneous documentation, and reduce tax adjustment risks. - Fully leverage tax treaties, apply for tax credits or advance pricing arrangements, and avoid double taxation. - Cooperate with overseas professional tax agencies, familiarize with local tax regulations, and actively respond to overseas tax audits.
The tightening of VAT incentive policies for advanced manufacturing, and the cancellation of VAT exemptions on government bond interest income have led to increased tax burden and higher costs.	Cost increased	Short term Medium term	High	- Establish a dynamic tax policy tracking mechanism to assess the impact of policy changes on the Company's tax burden in a timely manner. - Optimize business structures and transaction models, and reasonably utilize other tax incentive policies to offset the negative impact of policy adjustments. - Actively participate in policy discussions organized by industry associations and regulatory authorities, reflecting the Company's reasonable demands, and promoting policy optimization.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Relevant incentive policies in the fields of smart transformation, energy conservation, and artificial intelligence industries, along with tax credits for specialized equipment and a decrease in VAT rates, have effectively reduced the Company's tax burden.	Cost Reduction	Short term Medium term	Medium	- Increase investment in smart transformation, energy conservation, and artificial intelligence industry chains, and actively apply for relevant tax incentive policies. - Standardize the procurement and usage management of specialized equipment to ensure compliance with tax credit eligibility conditions. - Optimize business models and reasonably utilize the VAT rate reduction policy to reduce turnover tax costs.
The unified national tax collection and management system puts the Company in a fair competitive environment, which helps standardize tax management and enhance overall competitiveness.	Revenue increased Cost Reduction	Long term	Medium	- Leveraging the unified tax management environment, we enhance tax compliance levels and management efficiency. - By utilizing the fair competitive environment, we optimize business layout and resource allocation, enhancing the Company's overall competitiveness.

Risk, Impact, and Opportunity Management

◆ Tax Risk Management Mechanism

The Company follows the principles of “pre-planning, in-process control, and post-improvement” for tax management in all business areas, creating a management loop of “identification - assessment - response - improvement”, continuously enhancing its tax risk prevention and control capabilities.

01 Identification	Establish a tax risk identification system covering all business areas, tax categories, and processes, using multi-dimensional risk scanning across business lines, tax types, organizational units, and processes, continuously improving the tax risk feature database.
02 Assessment	Regularly assess the effectiveness of risk management, dynamically improving the risk list, evaluation standards, and control processes by incorporating policy updates, business changes, and case experience.
03 Response	Establishing a normalized risk prevention mechanism with coordinated business, finance, legal, and tax functions, integrating tax compliance into contract signing, transaction execution, accounting treatment, and tax declaration and payment processes.
04 Improvement	Guide each unit in conducting systematic risk inspections to ensure early detection and early warning of risks, implement classified and tiered assessments of risks, and apply differentiated risk control measures.

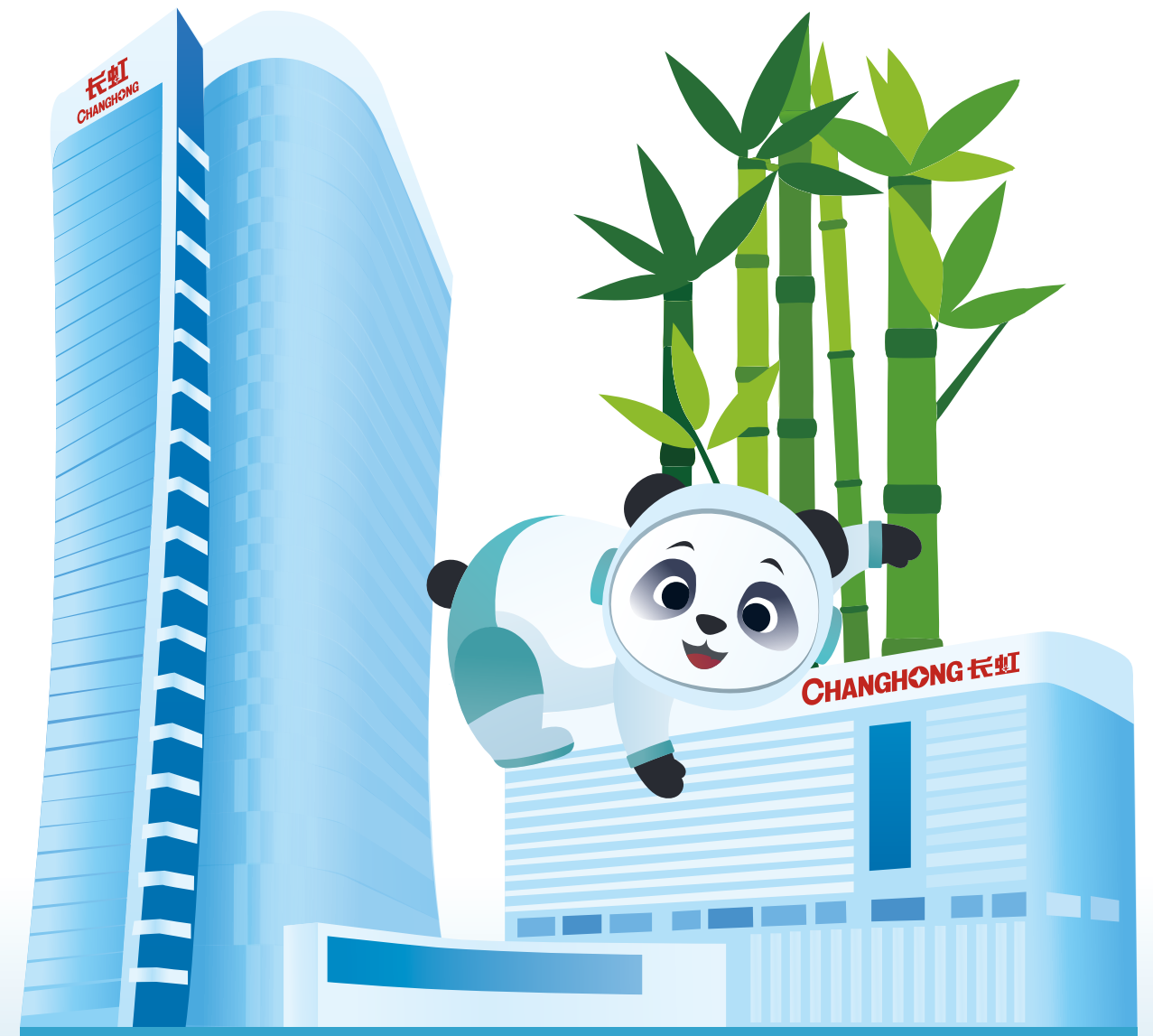
◆ Tax Communication and Training

In 2025

The Company organized **38** internal and external tax and finance professional training sessions for finance department employees, totaling approximately **230** participants and **3,444** learning hours online and offline.

Indicators and Goals

The Company will continuously strengthen awareness of lawful tax payment, standardize tax behavior, control tax risks, optimize management efficiency, and ensure effective tax risk management, lawful policy application, and compliance, gradually achieving the core goal of “supporting strategy, aiding decision-making, serving business, creating value, and preventing risks”.



Green Changhong

advancing low-carbon development

“ Sichuan Changhong closely aligns with the national “dual carbon” strategy, focusing on carbon reduction targets to manage climate risks and comprehensively strengthening the foundation for green development. Through practical actions, we demonstrate the environmental responsibility of a leading manufacturing enterprise and enable high-quality, sustainable development.

Actively address climate change	47
Strict environmental compliance	56
Advancing robust green operations	60
Enhancing resource utilization efficiency	61
Developing a green circular economy	73
Strengthening biodiversity protection	74

Respond to the United Nations Sustainable Development Goals

7 经济适用的清洁能源

11 可持续城市和社区

13 气候行动



Actively Address Climate Change

Sichuan Changhong actively responds to the national "dual carbon" goals by strengthening climate-related risk identification and management. We work with stakeholders to build a climate-resilient society and contribute to sustainable development and ecological progress.

Governance

In 2025, the Changhong Holding Group¹ established a Carbon Neutrality Strategy Committee led by the Board of Directors, with a Carbon Neutrality Promotion Office set up to manage targets and define key tasks. Based on its development needs, Sichuan Changhong strengthens resource coordination and enhances the effectiveness of carbon neutrality practices. In alignment with the objectives, pathways, and plans of the Carbon Neutrality Strategy Committee and the Promotion Office, we systematically advance energy efficiency improvements and low-carbon transformation.

Carbon Neutrality Strategy Committee

- Formulate carbon neutrality strategic targets and development pathways
- Approve annual carbon neutrality budgets and major investments
- Establish and oversee the Group's carbon neutrality management system
- Approve external carbon neutrality statements

Carbon Neutrality Promotion Office

- Ensure effective implementation of all decisions and plans of the Carbon Neutrality Strategy Committee, taking overall responsibility for coordination and execution

ESG-related Management Entities

- Identify and assess climate risks and opportunities, develop corresponding measures, and be responsible for implementation tasks such as carbon accounting, carbon footprinting, carbon trading, and carbon certification

Strategy

The Company 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.

Guided by the comprehensive green transformation of economic and social development, the Company focuses on coordinated reduction of pollution and carbon emissions to achieve synergistic efficiency gains, with priority given to the green, low-carbon and efficient use of energy.

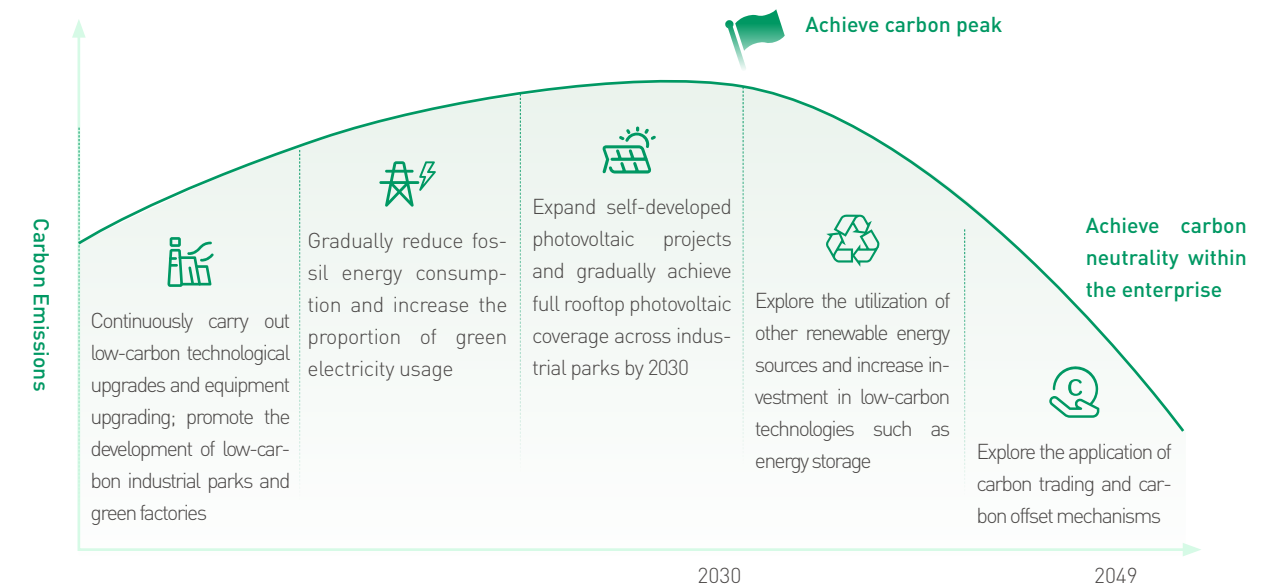
The Company has carried out the development of low-carbon industrial parks, with the goal of achieving rooftop photovoltaic coverage across its parks before 2030.

we also advance intelligent upgrading and digital transformation, explores pathways for the green and low-carbon transition of its parks, and consolidates the green development path of its intelligent manufacturing.

The Company has set dual carbon goals

Achieve carbon peak by 2030

Carbon neutrality before 2049



Climate Risk and Opportunity Management Process

The Group has established a comprehensive process for identifying, assessing, and responding to climate-related risks and opportunities. First, based on the IFRS S2 standard, climate risks are categorized into physical risks and transition risks, while climate-related opportunities are analyzed in conjunction with the specific characteristics and operations of each business entity. Second, climate scenario analyses are conducted using scenarios released by the IPCC, and the financial impacts and time horizons of climate risks and opportunities under different scenarios are assessed in combination with each business entity's actual situation. Relevant business entities then formulate measures to manage risks, and the list of risks and opportunities is monitored and updated regularly, ensuring a systematic approach to managing climate-related risks and opportunities.

Physical Risk Scenario Analysis

Based on the Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) published by the Intergovernmental Panel on Climate Change (IPCC), the Company selected three representative scenarios for analysis: SSP1 + RCP2.6 (low-emission scenario), SSP2 + RCP4.5 (medium transition scenario), and SSP5 + RCP8.5 (high-emission scenario).

Low-emission scenario: SSP1 + RCP2.6

The SSP1 + RCP2.6 scenario represents a global transition toward sustainable development. Under this scenario, global climate governance is strengthened and energy transition is actively advanced. Transition risks are relatively high, while physical risks are comparatively low. This scenario is intended to achieve the long-term goals of the *Paris Agreement*, namely to hold the increase in global average temperature to well below 2°C and pursue efforts to limit it to 1.5°C.

1."Changhong Holding Group" refers to Sichuan Changhong Electronics Holding Group Co., Ltd., the controlling shareholder of the Company.

Moderate transition scenario: SSP2 + RCP4.5

The SSP2 + RCP4.5 scenario represents a “middle-of-the-road pathway”, where global socioeconomic development and climate policies follow current trends, with steady but limited progress in low-carbon transition. Under this scenario, companies face certain transition pressures while maintaining a relatively balanced profile of risks and opportunities.

High-emission scenario: SSP5 + RCP8.5

The SSP5 + RCP8.5 scenario represents a high-growth pathway driven by fossil fuels. Under this scenario, companies face lower transition pressure in the short term, but significantly higher long-term physical risks (such as extreme heat and flooding) and policy transition risks (such as tightening carbon policies and increased carbon tariffs), which may materially affect supply chain stability and operating costs.

Under these three scenarios, the Company comprehensively identified potential physical risks affecting its production and operation locations over the short, medium, and long term, as well as the associated potential financial impacts. Details are presented in the table below:

Climate-related physical risks						
Risk	Category	Risk Description and 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.	Increased costs, reduced revenue and asset values	Short term	Low	- comprehensively strengthens the construction of its emergency management system, establishes professional emergency response teams, and ensures sufficient allocation of emergency supplies. - carries out flood preparedness in advance, including sewer dredging and risk inspections, to enhance its emergency response and disaster prevention and mitigation capabilities
Sudden earthquake events	Acute risks	The Company operates in areas with relatively frequent seismic activity. 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, personnel casualties and property losses.	Increased costs, reduced revenue and asset values	Medium term	Medium	- Ensure seismic-resistant structural design during factory construction. - Develop earthquake evacuation route maps and conduct emergency drills.
Prolonged heatwaves and droughts	Chronic risk	Prolonged heat and drought conditions led to power rationing, power outages, and water supply disruptions.	Expenditure increased	Long term	Low	- Secure generator resources in advance, build the necessary technical capacity, and closely monitor weather forecasts to stay informed of extreme weather events. - Install essential water storage facilities to stockpile water in advance and ensure production continuity during droughts.

Transition Risk and Opportunity Scenario Analysis

The Company selected three SSP scenarios published by the IPCC—SSP1, SSP2, and SSP5—to conduct scenario analysis of climate transition risks and opportunities. At the same time, in light of its own business development, external policy changes, and industry trends, the Company identified and assessed transition risks and their potential financial impacts and adopted corresponding response measures.

Climate-related transition risks						
Risk	Category	Risk Description and Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Tightening carbon tariffs and regulatory requirements	Policy and legal risks	Products exported overseas will soon face policy requirements and restrictions related to carbon tariffs and carbon footprint.	Expenditure increased Revenue (decline)	Medium term Long term	Medium to high	- Closely monitor domestic and international carbon regulations and regularly calculate carbon emissions data - Advance carbon footprint certification, optimize low-carbon supply chains, and develop low-carbon product portfolios
Cost of low-carbon technology research and development and transformation	Technology risks	Low-carbon technology development and transition require substantial investment and long implementation cycles.	Expenditure increased	Long term	Medium	Conduct collaborative R&D, monitor government policies, strive for relevant funding support and tax incentives, reduce transition costs, and promote technological substitution in phases.

Climate-related Opportunities						
Opportunity	Category	Opportunity Description, Impact	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
More climate-resilient supply chain	Products and services	The Company has strengthened its resilience and climate-adaptive supply chain capabilities under extreme weather or disaster conditions.	Revenue increased	Medium term Long term	Medium	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.
Shifting consumer preferences	Market	With the spread of green and low-carbon concepts and evolving demand for green transition and development, customers and the public continue to show increasing demand for green and low-carbon products and services.	Revenue increased	Medium term Long term	Medium	- Actively explore and apply new technologies and processes to improve resource efficiency and reduce energy costs. - Adapt to market demand, seize the consumption upgrade opportunity of the home appliance industry, and formulate marketing strategies.

Impact, risk, and opportunity management

Green transition and development

Green product design

We integrate environmental considerations into product design, promote the adoption of appropriate low-carbon technologies across subsidiaries, improve energy efficiency in production processes, and reduce carbon emissions.

Television products

In smart TV optical design, we adopt high-gain optical films, achieving over **18%** improvement in energy efficiency compared with traditional solutions. In addition, LED modules fully adopt flip-chip technology, reducing power density per unit area through optimized chip structures and improving electro-optical conversion efficiency by more than **12%**. The integration of these technologies delivers over **30%** improvement in overall energy efficiency, significantly reduces power consumption, enables products to exceed Level 1 energy efficiency standards.



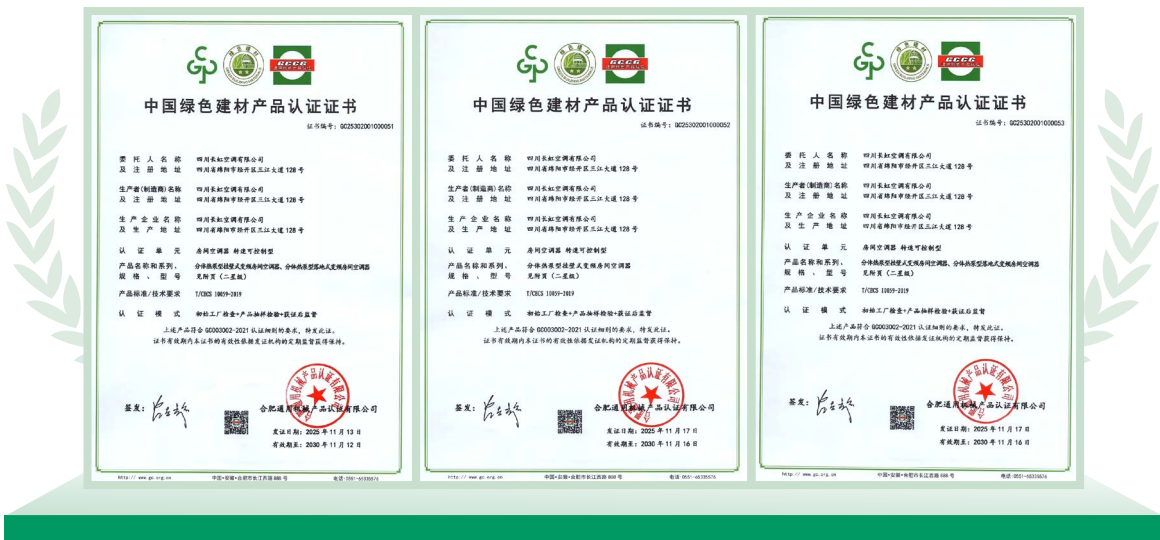
Refrigerator products

We advance energy-saving technologies across platform products and have launched multi-door models exceeding China's Grade 1 energy efficiency standard by 30%. We completed pre-research, development, and validation of multi-door and side-by-side refrigerator products meeting European Class A and A-20% energy efficiency standards, and showcased them at the 2025 IFA in Germany. We optimize heat and mass transfer in frost-free refrigerators and improve drainage pipe sealing structures to reduce overall energy consumption.



Air conditioning products

We prioritize energy-saving technologies and eco-design. In new product development, we adopt "new technologies, new processes, new equipment, and new materials", and implement the *Management Measures for Restricted Use of Hazardous Substances* in accordance with relevant standards to eliminate hazardous substances at the source. For comparable materials, we prioritize green and high-efficiency components, such as high-efficiency rare-earth compressors. In new technologies, we replace R410A with the more environmentally friendly refrigerant R32, reducing global warming potential (GWP) by two-thirds. We continue to advance research on natural refrigerants, with technologies reaching internationally advanced levels, enabling low GWP performance and supporting the "dual carbon" targets.



Washing machine products

Guided by green design principles, we leverage AI to analyze fabric weight and type, automatically optimize washing modes, and effectively reduce water and energy consumption. During drying, we accurately detect fabric moisture and intelligently adjust time and temperature to avoid energy waste. We also adopt high-efficiency and durable inverter and direct-drive motors to improve control precision and spin speed, shorten operating time, and further reduce electricity consumption, comprehensively advancing green and energy-efficient performance.



● Green energy use

Our primary energy sources include purchased electricity, gasoline, diesel, natural gas, and purchased heat, with purchased electricity being the dominant source. We continue to increase the share of green electricity in purchased power, expand in-house photovoltaic generation and utilization, and build a green energy framework.

In 2025, green electricity, including photovoltaic power, accounted for 121.1178 million kWh of purchased electricity, while our self-generated photovoltaic power reached 4.3759 million kWh.

Changhong Air Conditioning

The Hongyuan heat pump project implemented rooftop photovoltaic generation across the industrial park, which was officially connected to the grid on November 24, 2025. In December, total photovoltaic generation reached approximately **204,800 kWh**, with **165,700 kWh** consumed on-site, representing an actual utilization rate of **80%**, and accounting for **40%** of total electricity consumption.

● Green transformation

We advance low-carbon technological innovation by upgrading equipment and optimizing processes across production units, significantly reducing energy consumption in manufacturing operations.

Changhong Moulding

We replaced hydraulic storage motors with electric storage motors, reducing energy conversion steps and improving energy efficiency. During the year, 54 injection molding machines were retrofitted with electric storage systems, delivering total electricity savings of **2.8498 million kWh**.

Changhong Electronic Components

By upgrading winding processes with fully automated winding machines and phasing out outdated equipment, we expect to reduce energy consumption and cut carbon emissions by **14.28 tonnes**.

081 Group

In technology upgrades, we prioritize high-efficiency, energy-saving production equipment and adopt environmentally friendly solutions, such as using energy-efficient air compressors as power sources, significantly reducing baseline energy consumption in production.

● Green logistics

We continue to promote energy-efficient warehouse upgrades and the electrification of logistics vehicles. By introducing a TMS (Transportation Management System), we optimize transport routes to reduce fuel consumption and carbon emissions.

● Changhong Jiahua

Through LED lighting upgrades in warehouses, annual electricity savings reach **18 kWh** per square meter, reducing CO₂ emissions by **10.5 kg**. With a total warehouse area of **30,802** square meters, this results in annual savings of **550,000 kWh** and a reduction of **320 tonnes** of CO₂. In logistics operations, **23** urban delivery vehicles across warehouses in Beijing, Shanghai, Chengdu, Xi'an, and Wuhan have been upgraded to new energy vehicles.

● Green Construction

We promote energy efficiency retrofits of existing buildings in line with the national *"Green Building Evaluation Standard"* and the *"Sichuan Passive Ultra-Low Energy Building Technical Standard"*, advancing energy-efficient construction and lighting solutions across our factories and warehouses.

Changhong Precision

Changhong Precision the electronic manufacturing facility currently operates **4,530 units** of 16W LED lights for 24-hour illumination, with hourly electricity consumption of **72.48 kWh**. After evaluating key parameters such as power, illuminance, and color temperature, we introduced new 8W energy-saving LED lights that maintain the same illuminance (1600 lm) and color temperature (6500 K) with lower power consumption. Following the upgrade, annual electricity savings reached **269,915 kWh**, reducing carbon emissions by **42.21 tonnes**.

Changhong Huayi

By integrating smart gateways with a cloud platform, we enable single-light and multi-light network sensing, remote control, data collection, and statistical analysis. Leveraging digital systems, we apply big data and AI to analyze operational data, enhancing energy-saving potential in workshop lighting and improving intelligent management while ensuring normal production and reducing maintenance costs. Estimated annual electricity savings are **150,000 kWh**, with carbon emissions reduced by **88.31 tonnes**.

● Green Office Operations

We actively promote green office practices, including paperless workflows, energy-efficient equipment, optimized air conditioning settings, and double-sided printing, fostering a comprehensive green workplace culture. Looking ahead, we will establish employee "green credit" carbon accounts, covering daily scenarios such as commuting and office consumables, and link these credits to performance to incentivize low-carbon behavior.

Green (Zero-Carbon) Factory Development

The Company has continuously carried out green factory certification for many consecutive years and achieved outstanding results. In 2025, the company has continuously carried out green factory certification for many consecutive years and achieved outstanding results. In 2025, we added one national-level green factory, Changhong NeoNet Technologies, and three Sichuan provincial-level green factories (Sichuan Changhong, Changhong Air Conditioning, and Changhong Electronic Components), demonstrating our leading capabilities in green manufacturing systems, low-carbon technology application, and sustainable development. In addition, Changhong Huayi received the “Zero-Carbon Factory” certification from SGS, becoming the first company in China’s compressor industry to obtain this certification.

Product carbon footprint accounting

The Group continues to carry out carbon footprint and greenhouse gas accounting. In 2025, the Group and its subsidiaries including Changhong China Smart Dispaly, Sichuan Changhong Network Technology, Changhong Air Conditioner and Changhong Electronic Components have completed greenhouse gas accounting and product carbon footprint assessment reports. Going forward, the Group will promote product carbon footprint certification and gradually strengthen product-level carbon management.

Green Power Transactions

The Group has conducted green power transactions for several consecutive years. In 2025, the Company and its subsidiaries—including Changhong Meiling, Changhong Huayi, Guangdong Changhong, and Changhong Precision—completed a total of 121.1178 million kWh of green power transactions.



Indicators and Goals

We have established phased management targets for addressing climate change and actively advanced their implementation during the reporting period.

Indicators	Objectives	Progress in Reporting Period	Progress Toward Target Achievement
Greenhouse gas emission intensity	Taking 2021 as the base year, the Company aims to reduce the greenhouse gas emission intensity (greenhouse gas emissions per RMB 10,000 output value) by 10% by 2030	Decreased by 29.69% 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 RMB 10,000 output value) by 10% by 2030	Decreased by 23.59% compared with the baseline year	Achieved ahead of schedule

Greenhouse Gas Emissions Data for the Past Three Years

Indicators	Unit	2023	2024	2025
Scope 1 Greenhouse Gas Emissions	tCO ₂ e	33,649.31	43,190.73	46,424.36
Scope 2 Greenhouse Gas Emissions	tCO ₂ e	201,351.39	216,907.31	217,828.59
Total Greenhouse Gas Emissions	tCO ₂ e	235,000.70	260,098.03	264,252.95
Greenhouse Gas Emissions Intensity	Kg CO ₂ e / RMB 10,000 output value	43.21	39.77	38.36

Strict environmental compliance

Sichuan Changhong strictly complies with national and local environmental laws and regulations, continuously strengthens internal environmental policies and standards, and upholds an ecological priority approach to support regional environmental quality and sustainable operations. We have joined the Mianyang Ecological Civilization and Green Development Promotion Association as a member.

Environmental Management

The Company has established an Environmental Protection Committee to oversee major environmental matters, with its office under the Safety and Environmental Protection Department serving as the executive body responsible for implementing environmental initiatives and daily operations. During the reporting period, we continuously improved our **ISO 14001 environmental management system**, conducting annual surveillance or recertification audits. Currently, **27 entities** maintain valid environmental management system certifications.

Responsibilities of the Environmental Protection Committee

- ◆ Implement national, local, and supervisory authorities’ policies, requirements, and regulations on environmental protection; establish and improve the environmental protection responsibility system, regulatory framework, and operational mechanisms.
- ◆ Organize the formulation of environmental protection targets, medium- and long-term plans, and annual plans, and supervise their implementation.
- ◆ Establish and improve the environmental protection responsibility system and its assessment mechanism, and conduct inspection, supervision, and evaluation of environmental protection work across all units.
- ◆ Make decisions on and supervise the implementation of major matters such as major environmental governance projects, rectification of major environmental risks and hazards, and budgets for significant environmental protection expenditures.

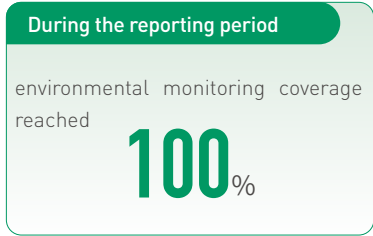
Indicators	Targets for 2025	Progress During the Reporting Period
Environmental incidents	No major environmental incidents occurred.	Completed
Environmental compliance	All pollutants generated by pollutant-discharging entities were discharged in compliance with standards, and no environmental violations occurred.	Completed
	100% compliance rate for the disposal of hazardous waste.	Completed
	No penalties imposed by environmental regulatory authorities due to environmental incidents.	Completed
	The environmental impact assessment rate and the “three simultaneous” implementation rate for new, expanded, and renovated construction projects both reached 100%.	Completed

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 <i>Environmental Risks and Opportunities Identification and Evaluation Form</i>. ◆ The Safety and Environmental Protection Department consolidates and analyzes such forms to establish the company-level <i>Environmental Risks and Opportunities Identification and Evaluation Form</i>.
Risk Assessment	◆ We establish evaluation criteria for environmental risks and opportunities, with each department preparing a <i>"Register of Significant Environmental Risks and Opportunities"</i>. ◆ The Safety and Environmental Protection Department conducted summary analysis and compiled the Company-level <i>List of Major Environmental Risks and Opportunities</i>.
Risk Management and 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.
Risk assessment and monitoring	◆ Each department must conduct at least one annual review of major environmental risks and opportunities to verify effectiveness. ◆ We conduct regular monitoring of environmental factors to promptly re-identify and reassess relevant risks and opportunities.

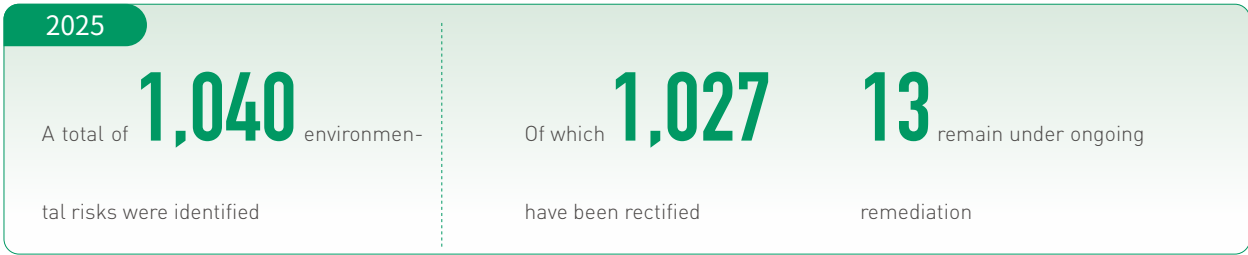
Environmental Risk Monitoring

We strictly follow the *"Technical Guidelines for Self-Monitoring of Pollutant Discharging Units – General Principles"* and relevant sector-specific guidelines, and develop and implement annual environmental monitoring plans in line with discharge permit requirements. During the reporting period, environmental monitoring coverage reached 100%. All units completed monitoring tasks as planned, and year-end verification confirmed that all indicators met required standards.



Environmental risk identification

In accordance with applicable laws and operational needs, we established and implemented the *"Environmental Risk Identification and Management System"*, defining departmental and role-based responsibilities and promoting a shift toward preventive environmental management and proactive risk control.



Environmental emergency drills

We comply with the *"National Emergency Response Plan for Environmental Incidents"* and adopt a proactive and science-based approach to build a comprehensive environmental emergency management system, covering contingency planning, resource preparedness, personnel training, and drills.



Changhong Air Conditioner organized an emergency drill for hazardous chemicals incidents.



081 Group organized emergency drills for hazardous chemical leakage incidents.



Case: Changhong Battery strengthened emergency response capabilities for excessive heavy metal wastewater discharge.

In 2025, Changhong Battery conducted targeted emergency drills and training for incidents involving excessive heavy metal wastewater monitoring data, aiming to effectively prevent, control, and mitigate environmental accidents and enhance emergency response capabilities. Through these drills, wastewater treatment personnel improved their environmental awareness, pollution prevention capabilities, and emergency response skills, achieving proficiency in emergency procedures.



Emergency drill site

Environmental Training and Awareness Programs

We conduct environmental awareness and education activities through diverse and innovative approaches, promoting environmental knowledge and values among all employees to enhance environmental literacy and foster green lifestyles and production practices. In 2025, our environmental protection training programs reached **33,758 participants**.



Changhong Battery organized specialized environmental protection training sessions.



Zhongshan Changhong organized activities for National Energy Conservation Week and Low-Carbon Day.



Changhong Jiahua held the public welfare campaign "Protect the Ocean Together" on World Oceans Day, promoting beach waste sorting practices and encouraging public participation, with approximately 100 participants on-site. Following the event, beach cleanup activities were conducted, collecting approximately 15 kg of waste, including both recyclable and non-recyclable materials.



Advancing robust green operations

Sichuan Changhong strictly controls emissions of air pollutants, wastewater, and noise, leveraging advanced treatment technologies and real-time monitoring systems to ensure all discharge indicators meet or exceed regulatory standards.

Pollutant emissions

We strictly comply with the *Environmental Protection Law of the PRC*, the *Water Pollution Prevention and Control Law of the PRC*, the *Air Pollution Prevention and Control Law of the PRC*, the *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law on the Prevention and Control of Radioactive Pollution*, and the *Sichuan Standard for Volatile Organic Compound Emissions from Fixed Pollution Sources*. We have established the "Pollution Prevention and Control Management Procedures" based on the principle of "prevention first, combining prevention and control", and built a three-tier control system covering source reduction, process control, and end-of-pipe treatment, led by the Environmental Committee and the Safety and Environmental Protection Department to minimize pollution and optimize resource utilization.



Wastewater Management

We continuously improve wastewater treatment facilities, enhancing treatment efficiency and reuse rates to ensure ecological and environmental safety. During the reporting period, all wastewater generated by key pollutant-discharging entities was treated to compliant standards at self-built wastewater treatment stations within the plant premises, with no impact on employees or local community residents.

2025

The wastewater discharge compliance rate reached **100%**

Improving wastewater treatment efficiency

We introduced biological wastewater treatment systems that leverage microbial degradation to efficiently break down pollutants in domestic wastewater, significantly reducing key pollutant concentrations, achieving substantial annual emission reductions, and ensuring stable compliance of discharged water quality.

Changhong Air Conditioning: Biodegradation systems enhance wastewater treatment efficiency and performance.

To enhance wastewater treatment efficiency and regional water quality, Changhong Air Conditioning installed two additional domestic wastewater biodegradation systems based on existing facilities, achieving deep removal of ammonia nitrogen through enhanced microbial degradation. Following implementation, ammonia nitrogen concentration decreased from **45 mg/L** to **36.2 mg/L**, with annual emission reductions reaching **3.8 tonnes**. Discharged water consistently met standards, reducing environmental impact and providing a replicable upgrade pathway for similar industrial parks.



Changhong Air Conditioning wastewater biodegradation system

● Improving wastewater reuse rate

We apply efficient pre-treatment processes, including chemical precipitation and coagulation filtration, to progressively purify wastewater.

Changhong Battery: Investment in integrated wastewater treatment systems to increase reuse rates

Changhong Battery invested over **RMB 16 million** to construct an integrated wastewater treatment system for heavy metals including nickel, cadmium, silver, and zinc, with a daily treatment capacity of **2,000 tonnes**. After pre-treatment through chemical precipitation and coagulation filtration, wastewater undergoes advanced treatment using quartz sand, activated carbon, and RO reverse osmosis, enabling reclaimed water reuse in production. In 2025, **288,800 tonnes** of wastewater were treated, with **142,900 tonnes** reused, achieving an industrial wastewater reuse rate of **49.47%**.

2025

288,800

tonnes of waste-water were treated

With

142,900

tonnes reused

Achieving an industrial wastewater reuse rate of

49.47%

● Regular wastewater monitoring

We deploy professional wastewater monitoring equipment and engage third-party institutions for regular sampling and testing to ensure compliant wastewater treatment.

Changhong Battery

We invested **RMB 860,000** to install online monitoring systems for cadmium, nickel, COD, and pH, with automated monitoring every two hours and outsourced professional operation and maintenance.

◆ Waste Gas Management

We monitor and control air emissions in accordance with national and local regulatory standards. During the reporting period, all air emissions remained within regulatory limits, and no penalties were imposed by authorities.

2025

The compliance rate for air emissions reached

100%

● Source Reduction

We optimize production processes and adopt 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.

● 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.

Changhong China Smart Display

Welding fumes and organic exhaust gases are centrally collected, pre-treated using welding fume purifiers, then processed through activated carbon adsorption and catalytic combustion systems, and finally discharged via a 28-meter exhaust stack. Once activated carbon adsorption reaches saturation, it is regenerated through thermal air desorption. The desorbed organic compounds are directed to a catalytic combustion chamber (using platinum-palladium coated catalysts) for complete decomposition, enabling cyclic reuse of activated carbon and efficient exhaust gas purification.

● 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.

Changhong NeoNet Technologies

We collect emissions using gas hoods and treat welding fumes and VOCs through filtration, activated carbon adsorption, and catalytic combustion. Fresh air systems are used to ventilate production areas, ensuring both fugitive and organized emissions at plant boundaries meet regulatory discharge requirements.

● Regular Monitoring

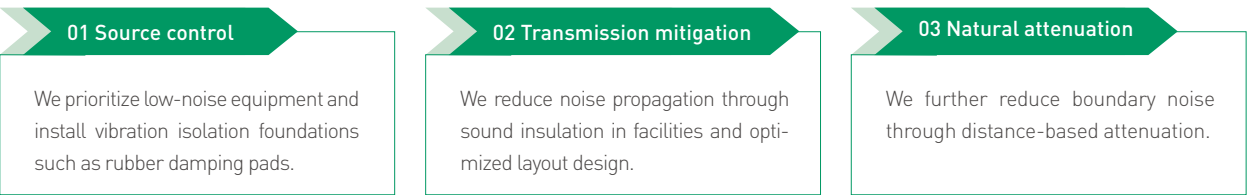
Key pollutant discharge units regularly entrust third-party institutions to conduct waste gas testing to ensure compliance with emission standards. The Company has installed facilities such as eco-friendly air conditioners, mechanical ventilation, and local exhaust ventilation to improve indoor air quality.

Changhong Packaging

For organic exhaust generated from carton processing, printing, profile processing, and hazardous waste storage, we established an activated carbon adsorption-based collection and treatment system, achieving 100% compliant emissions during the reporting period in line with discharge permit requirements.

Noise management

We manage noise generated by production equipment such as air compressors, injection molding machines, and stamping machines through integrated measures including source control, transmission mitigation, and boundary management to ensure compliant noise emissions. Through comprehensive measures, boundary noise levels remain consistently below the Class 3 limits of the “Emission Standard for Industrial Enterprises Noise at Boundary” (GB12348-2008).

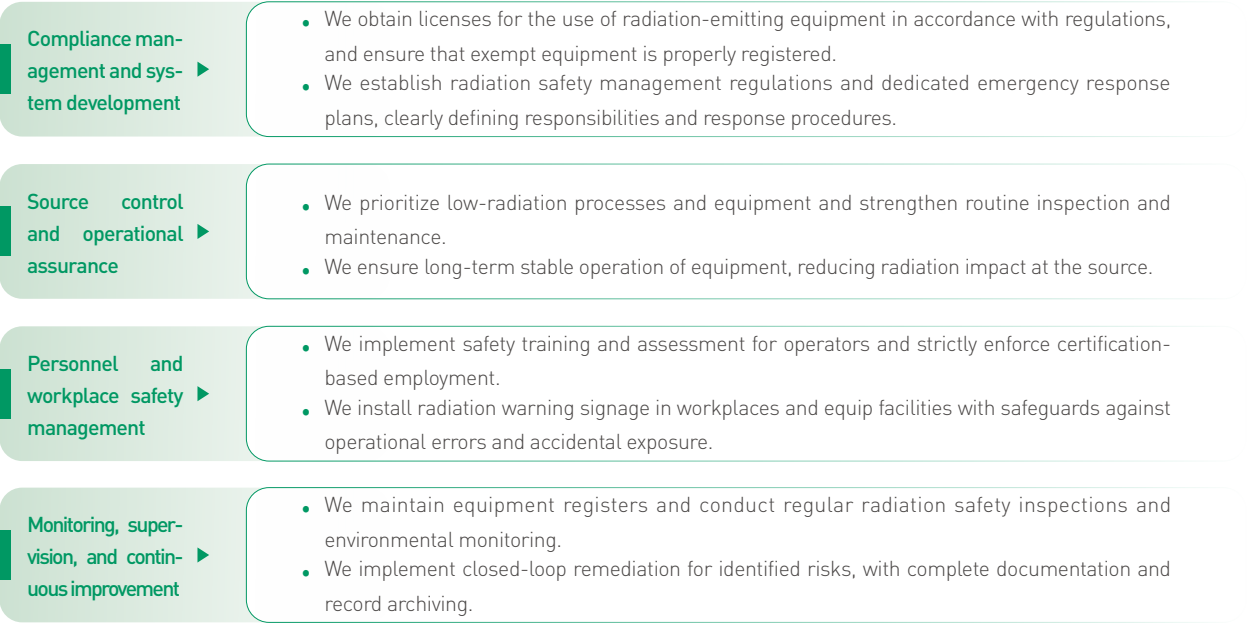


Changhong Battery

We invested **RMB 3.89 million** to implement noise control measures for plate-forming and machining equipment such as presses, shearing machines, rolling machines, and pumps. Measures including sound insulation, noise reduction, vibration control, and acoustic barriers ensure compliance with Class 3 limits of GB12348-2008, with ongoing efforts to further enhance noise control performance.

Electromagnetic radiation management

We have established a comprehensive electromagnetic radiation management system covering the full operational process, supported by systematic policies and protective measures.



Waste Disposal

We strictly comply with the “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste” and the “Administrative Measures for Hazardous Waste Operation Permits”. We have established the “Solid Waste Management Procedures” and the “Hazardous Chemicals Management Procedures”, led by the Environmental Committee and the Safety and Environmental Protection Department. Waste is managed through classification and the 3R principles (reduce, reuse, recycle), with clear control requirements across generation, classification, collection, labeling, transportation, storage, and outsourced utilization and disposal.

Solid Waste

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.

Changhong Minsheng Logistics

Solid waste generated from operations is collected through classified systems, with designated sorting bins installed across the facility to consolidate waste from various collection points. Sorted waste is handled by sanitation authorities with daily clearance, and sorting bins are regularly disinfected. Canteen food waste is collected by staff and transported and treated by licensed service providers.

Compliant Disposal

For general industrial solid waste, classified disposal and standardized management are implemented. Recyclable portions are transferred, through public bidding or similar procedures, to qualified recycling enterprises for resource recovery; non-recyclable industrial waste is entrusted to qualified entities for compliant disposal. Hazardous waste is subject to strict full-process management. Qualified entities are engaged to carry out comprehensive utilization or harmless disposal, and the hazardous waste transfer manifest system is rigorously implemented to ensure that all types of waste are handled safely, lawfully, and in an orderly manner.

Changhong Battery

Storage facilities for general industrial solid waste and hazardous waste are constructed in accordance with regulatory requirements, with strict implementation of zoned storage and labeling-based management. All types of waste generated by various departments are classified and then centrally transferred to the corresponding storage facilities for standardized temporary storage. During routine operations, the competent departments conduct regular supervision and inspections of on-site storage management. All stored waste is entrusted to qualified entities for compliant and safe disposal.

● 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.

Changhong Packaging

Contracts are signed with qualified waste recycling and utilization entities to handle the compliant disposal and utilization of general industrial solid waste generated during production and operations. During the reporting period, the two facilities generated **5,026.58 tonnes** of general solid waste (including waste paper, wood, plastics, EPE, scrap metal, and sludge). A total of **5,057.71 tonnes** were transferred for utilization, including **100.91 tonnes** carried over from 2024, with **69.78 tonnes** remaining in inventory.

● 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.

◆ E-waste

We implement full lifecycle management of electronic solid waste based on the principles of “reduction, resource utilization, and harmless treatment”. Through source reduction, classified collection, standardized storage, compliant transportation, professional disposal, and company-wide management, we achieve a closed-loop system. No environmental incidents related to improper electronic waste disposal occurred during the reporting period.

Source Reduction	We maintain lifecycle management records for equipment, documenting procurement and usage, and conduct regular maintenance and upgrades to extend service life. Obsolete equipment is prioritized for internal reallocation, and only scrapped when repair is not feasible.
Classified collection	In key areas generating electronic waste, including production sites, offices, and R&D laboratories, we install dedicated collection containers with clear labeling. Containers are designed to prevent leakage and damage, avoiding secondary pollution.
Standardized storage	We designate dedicated storage areas for electronic waste within our facilities, equipped with anti-seepage, rainproof, sunproof, and containment measures, along with leak collection systems, fire-fighting equipment, and warning signage.
Compliant transportation	Electronic waste transportation is carried out by qualified service providers.
Professional disposal	We select electronic waste disposal partners through public tendering, qualification review, and site inspections, conduct regular reassessments, and promptly eliminate non-compliant suppliers.

Company-wide management

We incorporate electronic waste classification, collection, and disposal requirements into onboarding and ongoing EHS training for all employees. We engage environmental experts to deliver specialized training on pollution risks, regulatory requirements, and operational standards for electronic waste, enhancing employee awareness and practical capabilities.

NeoNet Technologies

During the reporting period, **137 units** of electronic waste, including discarded laptops, monitors, and instruments, were generated. All data on storage devices were irreversibly destroyed through physical means. The waste was centrally stored at designated temporary storage sites within the facility. Quotations were solicited from three legally qualified third-party providers, and a competitive bidding process was conducted via the ISRM “Changhong Smart Supply Chain” platform, with the selected qualified bidder awarded the contract for compliant disposal.

◆ Hazardous chemicals

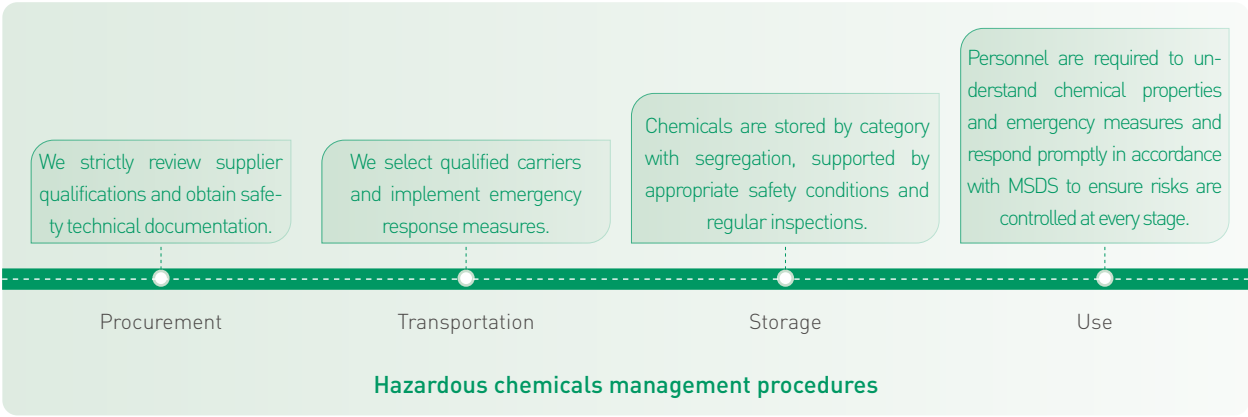
We have established the “*Hazardous Chemicals Management Procedures*”, defining control requirements across procurement, transportation, storage, use, and disposal. We enhance end-to-end management of hazardous waste through IoT integration and digital labeling, continuously improving information-based management across the lifecycle.

In 2025, the compliant disposal rate of hazardous waste reached 100%. All entities subject to municipal and county-level annual hazardous waste assessments met compliance requirements.

2025

The compliant disposal rate of hazardous waste reached

100%



Enhancing resource utilization efficiency

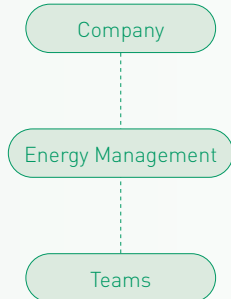
Sichuan Changhong advances energy-saving upgrades in production and promotes clean energy substitution. We strengthen efficient water use and enhance eco-design, recycling, and reduction of raw materials to minimize resource consumption across the full lifecycle.

Energy Utilization

Governance

We have established an energy conservation and emission reduction task force. Under its guidance, we implement a three-tier management system at the Company, energy management department, and team levels. We have developed and enforced the “Energy Management Measures” and “Energy Management Assessment Measures”, with ongoing monthly energy reporting, mid-year evaluations of energy-saving targets, and deployment of subsequent action plans. During the reporting period, the Company obtained certification for its energy management system.

Three-tier Energy Management System



Sichuan Changhong Energy Management System Certification Certificate

Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Extreme weather events, such as prolonged heatwaves and droughts, may trigger power restrictions or outages, potentially disrupting production. The intermittency of renewable energy sources, such as photovoltaic power, and limitations in energy storage technologies may also affect the continuity of energy supply.	Revenue decreased and costs increased	Short term Long term	Medium	- We proactively reserve emergency power generation equipment to respond to unexpected power restrictions. - We advance the development of distributed photovoltaic and other renewable energy projects within our facilities, which are integrated with energy storage systems to enhance power supply self-sufficiency.
Under the national “dual carbon” targets, policies on total energy consumption control and carbon emission constraints are becoming increasingly stringent. Companies are required to transition toward low-carbon energy structures, with significantly increased investment in renewable energy substitution and energy efficiency upgrades. Failure to meet regulatory requirements may result in penalties.	Cost increased Expenditure increased	Medium term Long term	High	- We systematically advance low-carbon projects, including photovoltaic systems and waste heat recovery, to optimize our energy structure in phases. - We collaborate with universities and research institutions to develop energy-saving technologies tailored to our operations, reducing transition costs.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Early strategic deployment enables companies to enhance brand competitiveness, expand into high-value markets, effectively mitigate future carbon cost pressures, and build a sustainable long-term profitability model.	Revenue Increase	Medium term Long term	Medium	- We increase investment in low-carbon technology R&D, optimize product design and materials, and build a green supply chain. - We actively pursue authoritative certifications and conduct transparent and credible green marketing to build market trust.

Impact, Risk, and Opportunity Management

We actively implement energy conservation and carbon reduction initiatives by upgrading high energy-consuming equipment and renewing key energy-use assets to improve efficiency and reduce emissions.

Energy Metering and Monitoring

The Company deploys integrated information systems for water, electricity, and gas measurement, 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.

Energy Inspections and Performance Assessment

Regular energy inspections and spot checks were carried out. The energy and utilities operation center organized professional inspections on a monthly basis, conducting strict checks ranging from energy management records to the on-site use of water, electricity and gas.

In 2025, we conducted **298** inspections of energy-consuming units and identified **136** issues, including **17** management-related issues, **32** related to energy waste, and **87** safety-related issues. All identified issues have been addressed through closed-loop remediation, achieving a **100%** rectification rate.

Optimizing the energy structure

We vigorously promote the use of clean energy to drive carbon reduction, while continuously upgrading energy-use equipment, introducing high-efficiency technologies, and phasing out outdated capacity.

Clean energy utilization

Changhong Air Conditioning, Changhong Jijia, and Changhong China Smart Display have jointly advanced the electrification of on-site logistics equipment, replacing fuel-powered forklifts with high-efficiency electric forklifts in phases, with a total of **39 units** replaced. Based on estimates, electric forklifts reduce fuel consumption and lower carbon emissions by approximately **357.6 tonnes** per year.



Electric forklifts

with a total of **39** units replaced lower carbon emissions by approximately **357.6** tonnes per year

Energy equipment upgrade

Changhong Jijia facilities introduced a dual regenerative tilting furnace. After the upgrade, approximately 30 Nm³ of natural gas is saved for each tonne of molten aluminum processed. Based on projected orders, annual natural gas savings exceed 35,000 Nm³, reducing carbon emissions by 75.8 tonnes and lowering energy costs by approximately RMB 116,000, delivering combined benefits in energy saving, carbon reduction, and cost efficiency.



Deployment of dual regenerative energy-efficient tilting furnace

Metrics and targets

In 2025, the Company successfully achieved its energy-saving targets for television products. Looking ahead, we will promote energy efficiency across all product categories and develop low-energy product lines.

Unit	Products	2025 Energy-saving Targets and Tasks	Completion of 2025 Energy-saving Targets	Performance
Changhong China Smart Display	Television	Comprehensive energy consumption per 10,000 units was less than 4.491 tonnes of standard coal equivalent.	Comprehensive energy consumption per unit: 4.322 tonnes of standard coal equivalent per 10,000 units	Target achieved
Changhong Air Conditioner	Air conditioner	Comprehensive energy consumption per unit will be less than 12.216 tonnes of standard coal equivalent per 10,000 units.	Comprehensive energy consumption per unit of 11.19 tce/10,000 standard sets	Target achieved

Water Resources Utilization

We strictly comply with the *Water Law of the People's Republic of China* and the *Regulations on Water Conservation*. We adopt full lifecycle water management covering "water abstraction, use, discharge, and conservation" as a core principle. Through the implementation of the "Energy Management and Assessment Measures" and related systems, we define and assess annual water-saving targets, prevent water-related risks, conduct regular inspections of water-use equipment and pipeline networks, promptly address leakage, and advance refined management to improve water efficiency.

Water Resource Risk Management Mechanism

We conduct regular water risk identification and management, covering water scarcity, water quality, and policy-related risks.

Scarcity risk

We systematically assess water stress at each production and operation location.

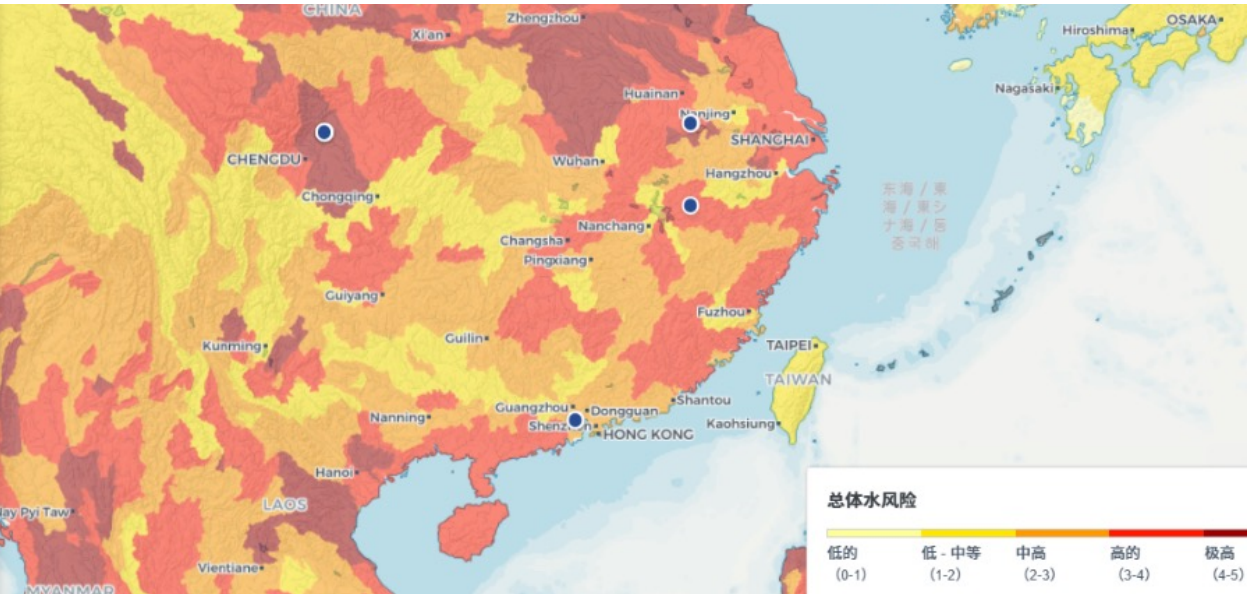
Water quality risk

We identify risks of raw water quality deterioration caused by upstream pollution, extreme weather events such as floods, or operational incidents, as well as challenges to meeting production water quality standards and wastewater discharge requirements.

Policy risk

We closely monitor national and local policy developments related to water abstraction permits, water efficiency quotas, wastewater discharge standards, water resource fees, and environmental protection taxes, and assess their potential impact on compliance costs and operating models.

In 2025, we applied the World Resources Institute (WRI) water risk tool to assess water abstraction risks across our major domestic production and operation sites. Based on the results, we identified key high-risk indicators and developed targeted adaptation and mitigation measures.



Major domestic production bases	Key high water risk indicators	Targeted risk control measures
Mianyang production base Hefei production base	Water stress (high competition for water), untreated connected wastewater, and poor sanitation conditions	We promote water recycling and implement equipment upgrades to reduce water stress risks.
Jingdezhen production base	Untreated connected wastewater and poor sanitation conditions	We upgrade sanitation infrastructure to improve hygiene conditions.
Zhongshan production base	Coastal flood risk, untreated connected wastewater, and poor sanitation conditions	We enhance flood control infrastructure to mitigate flood risks.

◆ Water resource risk management measures

Based on identified water risks and regional differences, we implement targeted measures, including water conservation, reuse, and equipment upgrades, to effectively mitigate and manage various water-related risks.

● Continuous water recycling and reuse

We actively promote 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. We have also established a steam waste heat recovery system to send residual steam back to the boiler, reducing fresh water consumption, and promoted energy-saving cooling technology to optimize equipment cooling methods.

Changhong Packaging

We have established an environmentally compliant treatment system for ink-washing wastewater, enabling full recycling after treatment and achieving **"zero" discharge** to the external environment, with annual water savings of approximately **500 tonnes**.

● Technology upgrades and equipment optimization

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. We update system components and select high-quality compatible parts to ensure leading performance and reliability, safeguarding stable and efficient operations at the source.

Changhong Jijia

Changhong Jijia: Through process upgrades to barrel and rack galvanizing lines, we save **29,900 tonnes** of water annually.

● Establishing a water measurement and monitoring system

We have established a water measurement and monitoring system to track and analyze water usage data across the full lifecycle, from source to end use. Through real-time monitoring of water consumption, we promptly identify and investigate abnormal usage, ensuring standardized and controllable water management while improving efficiency and refined management practices.

Changhong Air Conditioning

We track water consumption using a three-tier metering system at "municipal supply connections, building entry points, and process equipment inlets". Abnormal water usage is promptly inspected to ensure consumption aligns with expectations.

Raw materials

In 2025, to ensure D (delivery) across Q (quality), C (cost), S (service), and T (technology), we set material completeness as a strict procurement baseline, achieving 100% completeness throughout the year. We successfully mitigated supply shortages in refrigerants and the storage industry, ensuring 100% supply for high-risk materials.

We conduct strict reviews of raw materials and advance sustainability certification. During the reporting period, 100% of raw material suppliers obtained environmental compliance certification.

Key measures to ensure material completeness and supply

Optimizing supply resource allocation

- We introduce high-quality new supply resources and leverage existing advantageous resources. We eliminate single-source materials and promote standardization of materials such as copper pipes, speakers, and electronic components.

Strengthening market analysis of materials

- Market analysis and outlook reports for key materials are issued on a monthly and quarterly basis.

Lean planning risk management

- We align supply and demand based on annual planning.
- We establish dashboards for delivery and inventory alerts.
- We conduct daily checks on completeness risks for electronic materials.

Maintaining a supply-demand coordination mechanism

- Internally: We coordinate sales, R&D, production, and supply to ensure material completeness.
- Externally: We strengthen communication and collaboration to enhance supply-demand relationships.



Developing a green circular economy

We actively develop a circular economy by establishing full lifecycle systems for recycling, dismantling, and reuse of household appliances.

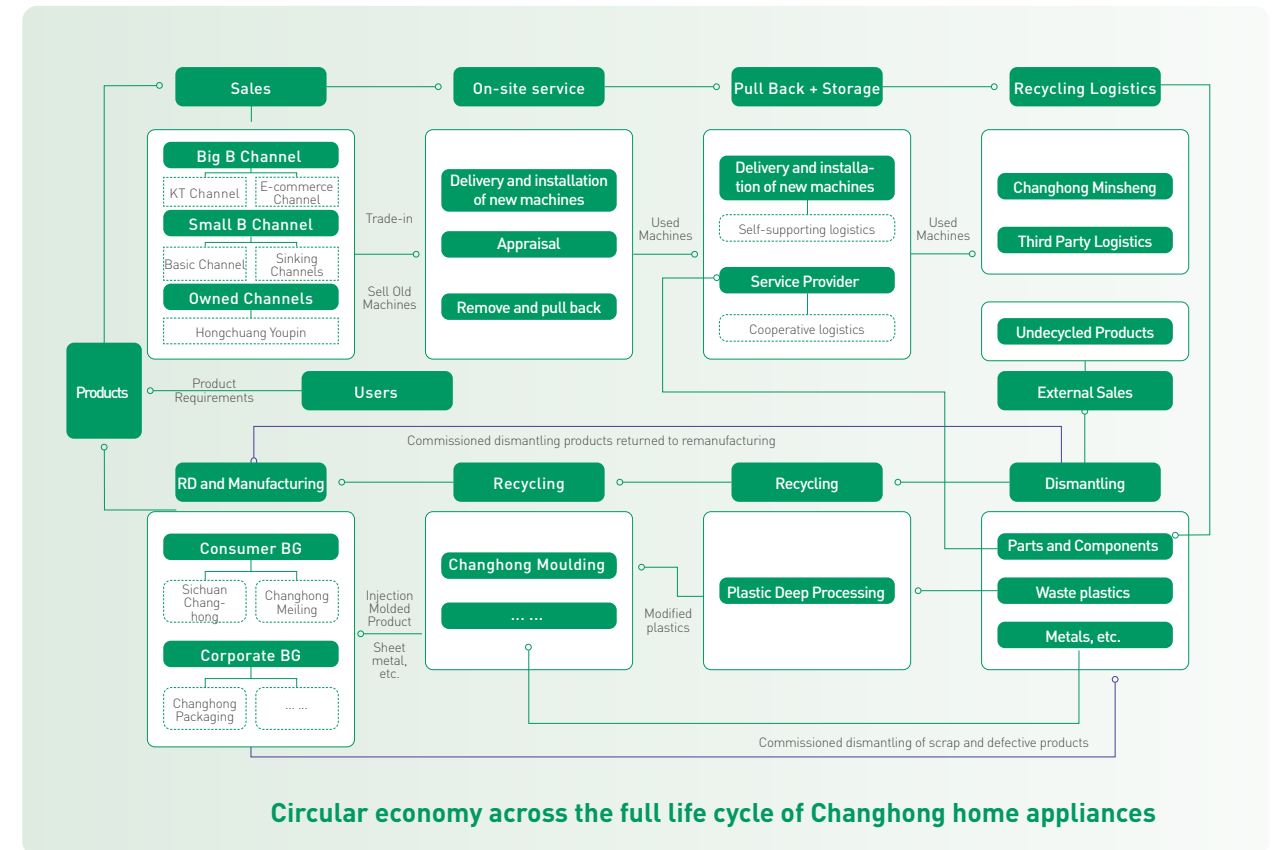
As the principal undertaking entity for the used home appliance recycling segment of the Group's home appliance business, Changhong Gerun has established more than 1,000 used home appliance collection points across China and built the country's first resource recovery production line for waste display 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.

2025

Changhong Gerun has cumulatively dismantled **1.4758** million units of waste electrical appliances.

This includes approximately **341,100** refrigerators, **177,900** televisions, **360,600** air conditioners, **325,900** washing machines, and **270,300** computers.

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



Circular economy across the full life cycle of Changhong home appliances



Strengthening biodiversity protection

The Company actively supports international initiatives such as the United Nations Convention on Biological Diversity and adheres to the relevant requirements of the China National Biodiversity Conservation Strategy and Action Plan (2023-2030). It places strong emphasis on the protection of ecosystems and biodiversity, with related matters centrally coordinated by the Environmental Committee. During project siting and construction, the Company systematically assesses potential biodiversity risks and implements appropriate mitigation measures.

Site compliance

We adhere to compliant site selection. All projects are located within industrial parks on designated industrial land, avoiding nature reserves, scenic areas, ecological protection redlines, and other environmentally sensitive zones. Projects comply with planning requirements and are not subject to significant environmental constraints.

Construction environmental management

We strictly implement measures for dust, wastewater, and noise control in accordance with environmental impact assessment requirements. We carry out vegetation restoration and site greening for exposed land, and complete hardening or revegetation after construction to minimize environmental impact.

Operational pollution control

After project commissioning, we effectively manage and control all types of pollutants to ensure that operations do not adversely affect the surrounding ecological environment.

Innovation-driven Changhong

advancing industrial upgrading

03

“

Technology is the foundation of Changhong, and innovation is its hallmark. Sichuan Changhong positions innovation as its core engine, focusing on breakthroughs in key technologies, strengthening product and service quality, and safeguarding data privacy and security, while enabling high-quality industrial upgrading through a comprehensive innovation framework.

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Respond to the United Nations Sustainable Development Goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS







Driving breakthroughs in core technologies

We pursue an innovation-driven development strategy, using breakthroughs in core technologies as a key lever. Through a systematic, multi-dimensional approach spanning innovation governance, full-category product R&D, intelligent manufacturing upgrades, and digital transformation, we accelerate the efficient commercialization of innovation outcomes and continuously enhance our core competitiveness.

Deepen Innovation-driven Development

We position technological innovation as the core driver of industrial transformation and upgrading. Through a systematic framework covering governance structures, strategic opportunity and risk management, end-to-end innovation management, and target execution, we build a solid foundation for high-quality development.

Governance

The Company has formulated the *Technological Innovation Management Measures*, *Technological Innovation Incentive Measures*, and *Guidelines for R&D Project Management*, among other systems, to clarify the overall strategy, organizational support, project management principles, and related measures for technological innovation. We have established a robust governance structure for innovation. The technology management function leads innovation initiatives, with the Chairman providing oversight, while R&D centers are responsible for executing strategic plans and delivering specific research projects.

Strategy

We recognize the opportunities and challenges brought by technological change. We continuously increase investment in R&D and talent, set annual R&D objectives and plans, and regularly review, track, and update implementation progress. We have set a target of over 10% year-on-year growth in R&D investment for the coming year, allocating increased investment to product upgrades, technology advancement, and capability reserves.

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Forward-looking investments in foundational and differentiated core technologies may face risks such as delays in commercialization, R&D progress and costs not meeting expectations, or failure to achieve timely conversion, potentially resulting in R&D losses.	Cost increased	Medium term	Medium	The Company formulates and dynamically updates its technology strategy, strengthens project initiation review, establishes a stage-gate decision-making and investment mechanism, and ensures timely loss-cutting where necessary.
Our consumer electronics products involve patents related to audio and video coding and decoding, as well as digital signal transmission standards, which may give rise to patent disputes in domestic and international markets, potentially affecting business operations and profitability.	Cost increased	Medium term	Medium	We engage with patent holders to promote cooperation, support industry-led negotiations to optimize solutions, and maintain dynamic cost provisions.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
The widespread adoption of artificial intelligence and the rapid development of related industries provide technological support for cost reduction and efficiency improvement. Early strategic deployment is expected to create new growth drivers.	Revenue increased	Long term	High	The Company actively deploys relevant technologies, launches technical capability reserve projects, and advances the commercialization and industrial incubation of innovation outcomes.

Impact, Risk, and Opportunity Management

Build Innovation Technology Platforms

We are committed to continuously enhancing our innovation capabilities, following a dual approach of “independent innovation + collaborative innovation”. We optimize our technology framework, deepen research in applied foundational and common technologies, advance product and manufacturing technology development, and strengthen our role in enabling and supporting industry development.

Establish the Advanced Technology R&D Center to carry out industrial incubation in emerging sectors and forward-looking research on applied basic technologies.

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.

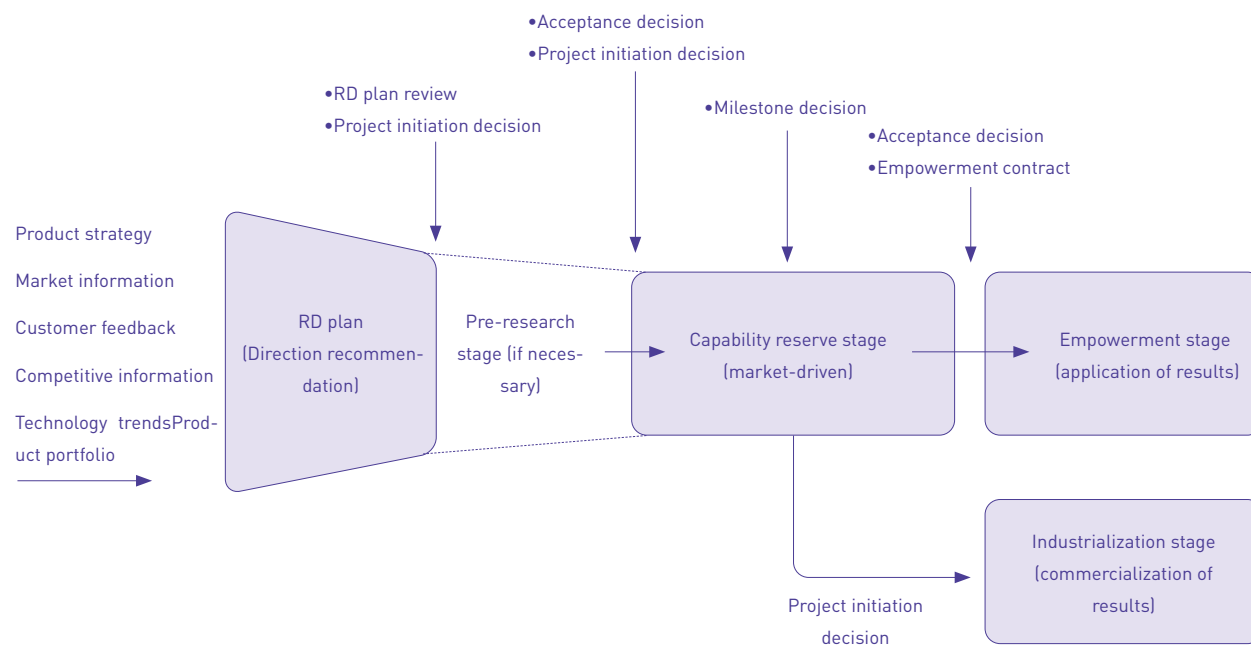
The Group has established over 20 industrial support platforms including an Innovation Design Center and a Smart Home RD Center, leveraging technical capabilities to enhance product competitiveness across industries.

(Note: In February 2026, the “Advanced Technology R&D Center” was renamed the “Advanced Product R&D Center”; the “Artificial Intelligence Laboratory” and the “Cloud Computing and Big Data Research Center” were integrated into the “AI and Digital-Intelligent Product R&D Center.”)

Standardizing R&D project management

The Company has established a comprehensive RD project management process, forming a PDCA cycle that includes goal setting, process control, performance evaluation, and continuous improvement. We have issued the “R&D Project Management Guidelines”, defining full lifecycle standards for project initiation, progress control, risk management, and outcome acceptance to ensure efficient project execution.

We standardize R&D management across subsidiaries, guiding increased investment and improved output efficiency. We provide foundational R&D support, promote systematic cost optimization initiatives among key subsidiaries, and conduct comprehensive diagnostics for those with capability gaps, proposing improvement plans to enhance the effective utilization of R&D expenditure on technology platforms.



Strengthening Scientific and Technological Innovation Collaboration

The Company has built diversified bridges for collaboration in scientific and technological innovation, deepened industry-university-research collaboration, and accelerated the commercialization of results. The Company has formed a close industry-university-research collaboration ecosystem with more than 20 domestic and overseas universities, more than 10 research institutes, and more than 80 business partners. 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.

Case

The Company has maintained continuous collaboration with the University of Electronic Science and Technology of China on several key projects, including flexible sensor development and smart home intelligent agent development.

Participation In Industry Standard Setting

We uphold a strong sense of industry responsibility and innovation leadership, actively participating in the development of national, industry, and group standards, including product energy efficiency standards, SRRC certification management measures, product information security, and product safety standards.

During the reporting period, we participated in the development of 37 standards, including 25 national standards, 4 industry standards, and 8 group standards. Participation in industry standard development reflects the Company's technical strength and industry influence.

Product Innovation Practices And Achievements

We focus on core product innovation priorities and advance breakthroughs in key technologies. All major business segments have achieved technology upgrades and product enhancements, with innovation outcomes receiving multiple domestic and international awards, strengthening product differentiation and market competitiveness.

In 2025, we received multiple prestigious international and domestic innovation awards.

Product Design



We received **two** iF Design Awards, **one** Red Dot Award, and **two** International CMF Design Awards.

Technological innovation



We received **one** second prize and **one** third prize of the Provincial Science and Technology Progress Award, and **one** first prize of the China Association for the Promotion of Science and Technology Industrialization Award.

Smart TVs

- ◆ Focusing on core technologies such as AI voice, Generative AI Models, Mini LED, and RGB Mini LED, the Company has deepened industry collaboration.
- ◆ We integrate emotional value into product design and launched the No.5 "Chasing Light" Q10Air series, creating a premium differentiated product line, which received the "2025 China Electronic Video Industry Association Technology Innovation Award".
- ◆ We continue to increase investment in AI televisions, expanding AI-driven user experience scenarios. In 2025, the Company received authoritative recognition as a pioneer in AI TV.



长虹电视 AI光翼

追光 Q10Air 行业首创AI光翼 | 更护眼 有氛围



Air conditioner

- We achieved multiple breakthroughs in core technologies:**
- ◆ Our AI cloud-based energy-saving air conditioning technology enables personalized energy optimization through dual algorithm and data-driven mechanisms, reaching an advanced industry level.
 - ◆ The “Wending” inverter technology platform leverages AI-based vibration suppression and other optimizations to significantly reduce noise and vibration, enhancing user experience.
 - ◆ We pioneered industry-first technologies for detecting air conditioner blockages and air intrusion, enabling closed-loop risk prevention, with refrigerant monitoring accuracy reaching a leading industry level.
 - ◆ We introduced the industry’s first “Shanshui” air ecosystem management solution, using AI coordination to intelligently integrate control of temperature, humidity, fresh air, negative ions, and air cleanliness, creating an indoor “microclimate” that closely resembles a natural environment.



Refrigerators (Freezers)

- ◆ AI defrosting and cloud-based freshness preservation technology to enhance both energy efficiency and food preservation performance, reaching an advanced industry level and enabling large-scale deployment.
- ◆ We developed multi-system constant-temperature refrigeration and quality defrosting technologies to address key industry challenges in food preservation, ingredient thawing, and cooked food storage, and applied them to the M Fresh product series.



Washing Machines

- ◆ The industry’s first “full-screen flush integration + AI washing and drying care” combines a fully integrated structure with end-to-end AI-powered washing and care.
- ◆ An industry-first advanced drum cleaning system, including inner drum rinsing, lint filtration, and backflushing functions.



Compressors

- ◆ The NUD-NA series ultra-efficient compressors by Changhong Huayi achieved an energy efficiency ratio above 3.0 (under CEPC conditions) and were selected as a Coca-Cola global preferred supplier for five consecutive years.
- ◆ The self-developed VNW series inverter units have achieved industry-leading Coefficient of Performance (COP), while the DW series ultra-micro onboard DC compressors are the smallest products globally.
- ◆ In electronic control, we improved the efficiency of ultra-efficient household inverter boards, developed the new T series with fully self-developed algorithms, and completed a solution for electrolytic capacitor-free inverter boards.
- ◆ Zhejiang Weile, a subsidiary of Changhong Huayi, focuses on the new energy vehicle sector. Breakthroughs in low-temperature heat pump technology have enabled noise and vibration performance significantly exceeding automotive-grade standards, continuously expanding application scenarios for onboard compressors.

ICT Technology Services

- ◆ Changhong Jiahua has expanded into emerging fields such as cloud computing, intelligent computing centers, digital security, the metaverse, and the low-altitude economy, integrating products and solutions to serve diverse industries and application scenarios.
- ◆ Changhong Jiahua, in collaboration with the 081 Group, has deployed an integrated air-ground sensing and communication system platform to address bottlenecks in the low-altitude economy, with the project receiving third prize in a themed track of an Internet Innovation Competition.
- ◆ We continue to empower the XR ecosystem and have been recognized as one of China’s Top 50 VR Enterprises for three consecutive years.
- ◆ In 2025, Changhong Jiahua’s “Smart Business” capability system was recognized as a “2025 New-Generation Information Technology Industry Innovation Service Provider”.

Product development addressing environmental challenges

For products in the domestic market

we conduct green design in accordance with the “Administrative Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products”. Components certified through national environmental protection testing are used, and in line with the “Implementation Arrangement for the Conformity Assessment System of the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products”, our testing center performs environmental testing and conformity certification for complete products.

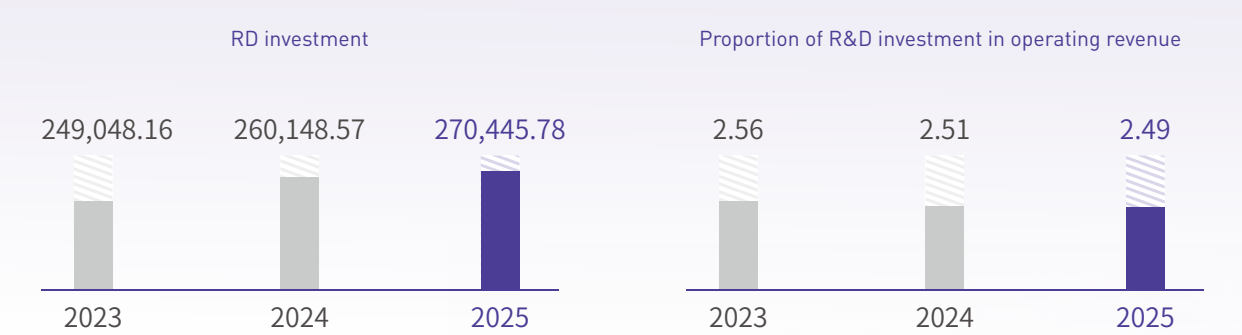
For products in overseas markets

we design and manage materials in accordance with environmental requirements of target markets, such as the EU REACH regulation and RoHS requirements.

In 2025, the Company completed energy efficiency filing for 185 flat-panel display models, obtained energy-saving certification for 61 product series and 18 certification changes, and secured environmental labeling certification for 69 products. We obtained 122 new energy-saving certificates, covering a total of 221 models; successfully passed CQC unannounced factory inspections and four rounds of “Ten-Ring” certification audits; completed RoHS conformity assessment for all models; and secured 15 additional voluntary certifications, including China Environmental Labeling Certification and China Green Product Building Materials Certification.

Metrics and targets

In 2025, the effective utilization rate of the Company’s R&D expenditure on technology platforms reached 90%, successfully achieving the target set in 2024 of increasing the effective utilization rate to 85%. Meanwhile, the Company’s R&D investment in 2025 is presented in the table below:



2026 Target Setting

R&D Targets

In 2026, we will continue to increase R&D investment, maintaining an annual growth rate of no less than 10%. We will steadily improve the effective utilization of R&D expenditure on technology platforms, focus on key technology breakthroughs and high-potential product development, and optimize the precise and efficient allocation of innovation resources to further enhance overall R&D effectiveness.

Innovation Targets

In 2026, we will accelerate the deployment of AI-driven application scenarios, further strengthen the product manager system, shorten the time to market for new products, improve commercialization mechanisms, and continuously enhance the efficiency and market alignment of innovation outcomes.

Advancing intelligent manufacturing

We focus on the intelligent upgrade of the entire production process, building an efficient, precise, and green intelligent manufacturing system through multi-dimensional initiatives to enhance quality and efficiency, reduce costs, and strengthen the foundation for high-quality development.

2025



One factory of the company has been selected as a “National Excellent-Level Smart Factory”.



Six of the Company’s factories were selected as “Sichuan Province Advanced-Level Intelligent Factories”, including



Changhong China Smart Display

Sichuan Changhong NeoNet Technologies

Changhong Jijia

Changhong Moulding

Changhong Precision

Changhong Packaging

Changhong Air Conditioner

Intelligent manufacturing technologies and applications



Connectivity and centralized control

Leveraging IoT and big data, we built an equipment cluster centered on the MES system to enable inter-connectivity and centralized control across production lines and equipment, driving deep integration of IoT and automation and achieving intelligent management of equipment clusters.



Digitalization and visualization

We implemented a 2D digital twin system to digitally upgrade the finished goods automated warehouse, addressing fault diagnosis and information transparency challenges and enabling real-time visibility of equipment operations and workflow progress; we also developed a line-side warehouse management system for raw materials to track material flows and update inventory in real time, improving inventory efficiency.



Predictive maintenance and efficient decision-making

Using edge computing and AI-based machine learning, we built a proactive maintenance system to enable predictive equipment maintenance and reduce failure risks; we developed digital dashboards across all business areas and established performance review mechanisms to support precise decision-making and enhance both maintenance and decision support capabilities.

Intelligent manufacturing factory cases

Changhong China Intelligent Display Smart Factory

Leveraging IoT and big data, we established an MES-centered equipment cluster covering more than 1,100 key devices, enabling interconnectivity and centralized control across production lines and equipment. Based on industrial robotics, we applied AI, machine vision, and force-sensing technologies to independently develop fully automated equipment for key processes such as feeding, processing, assembly, and palletizing, achieving 100% numerical control in critical processes and improving labor productivity by 65%.

achieving **100**% numerical control in critical processes and improving labor productivity by **65**%.



Changhong NeoNet Technologies Smart Factory

Warehouse Management System (WMS), Manufacturing Execution System (MES), intelligent logistics system, and warehousing systems work in synergy to enable real-time tracking, intelligent sorting, unmanned delivery, smart fleet scheduling, and route optimization.



081 Group Smart Factory

In automation upgrades, we introduced 13 types of automated equipment, including vacuum infusion machines, automatic welding machines, and automatic winding machines, enabling automated operations across multiple processes and driving overall manufacturing capability improvement; in digitalization, we completed the implementation of information systems such as PLM and MES.

Changhong Power Smart Factory

We continue to advance automation upgrades in key processes and deploy intelligent equipment, introduce automated production lines, and build integrated information systems around production, including the implementation of MES and the advancement of data integration.

Empower Digital Transformation

The Company is guided by the annual principle of “putting users at the center and advancing full-factor digitalization”. We deepen AI adoption, enhance digital management capabilities, and optimize smart supply chain platforms to empower operational performance and industrial innovation through digital transformation, with the goal of becoming a benchmark for digital transformation in manufacturing.

Digital Transformation Initiatives:

Smart finance system upgrade

We deployed the S6 intelligent finance system, integrating OCR and AI models with financial management, and implemented applications such as intelligent order creation and automated approval to advance intelligent and automated finance practices.

Building a digital management center

We advanced the development of the digital management center, establishing indicator systems across six key control areas, including procurement management, technological innovation, and digital enablement, to enhance standardized and refined operations management and provide strong support for operational governance.

Developing intelligent workplace applications

We established the Hongxi intelligent application ecosystem and successfully incubated AI applications for common scenarios, including document comparison, document analysis, and knowledge-based Q&A.

Building a knowledge service platform

We developed the Hongyunhui knowledge platform, innovating a “data + AI” model for data utilization, and deployed intelligent data query and reporting applications to effectively improve the efficiency and scientific rigor of business decision-making.



Case: Demonstrating “intelligent transformation and digital upgrade” to drive industrial upgrading in western regions

In April 2025, the Western New Industrialization Development Conference was held at Phase II of the Zhongguancun Project in Mianyang, Sichuan. As a representative enterprise of western China, Sichuan Changhong presented its achievements in leveraging cross-industry and cross-domain industrial internet platforms to enable intelligent transformation and digital upgrading. This presentation demonstrated the Company's core capabilities, strengthened its brand influence and leadership in the industrial internet field, set a benchmark for digital transformation and upgrading in western industries, and effectively promoted the transition of regional manufacturing toward intelligent and green development.

Strengthen Intellectual Property Protection

The Company consistently upholds the principles of respecting intellectual property rights and avoiding legal risks, and makes every effort to safeguard the legitimate rights and interests of the Company and its investors.

In 2025

The Company filed **1,455** new patent applications, obtained **831** patents, and was granted **240** invention patents.

Intellectual Property Protection System

The Company strictly complies with regulations such as the “Enterprise Intellectual Property Management Standard” and the “Intellectual Property Management Manual”. We have established policies including the “Patent Management Measures” and the “Patent Risk Management Measures”, built a comprehensive and standardized intellectual property management system, and obtained certification for the intellectual property management system.

The Company has established an intellectual property protection governance structure, overseen by senior management and led by the General Administration Department, with dedicated IP protection teams in each department responsible for intellectual property and patent protection.

Intellectual Property Risk Management

We continuously strengthen intellectual property risk management by refining processes, enhancing risk identification and assessment, and reinforcing accountability mechanisms to build a robust IP protection framework.

Risk database development and sharing

We systematically collect and dynamically update internal risk case repositories and external risk alert databases, regularly report to management, and share risk cases across business units.

Regular risk assessment and reporting

Business units conduct periodic IP risk reviews, while headquarters applies ongoing oversight to develop a company-wide risk map and report to management, ensuring risks remain transparent and controllable.

Performance evaluation and accountability

The effectiveness of IP risk management is incorporated into annual performance assessments for selected business units and subsidiaries, with clear accountability mechanisms in place for significant losses caused by failures in risk management.

Development of the Intellectual Property Protection Workforce

At the headquarters level, the Company maintains a dedicated IP team, while 28 subsidiaries have full-time or part-time patent management teams or personnel, with a total of 102 staff engaged in IP management. The workforce primarily includes full-time patent professionals, part-time legal staff, and part-time technical engineers. Among full-time personnel, over 80% hold patent agent qualifications, including nationally recognized experts, senior IP agents, and licensed attorneys.

Intellectual Property Protection Training

We actively conduct IP protection training programs covering patent operations, trade secret protection, and trademark management, aiming to build a comprehensive IP protection system and safeguard innovation-driven development.



Strengthening Product and Service Safety and Quality

The Company adheres to its quality policy of “customer first, excellence-driven, intelligent and quality manufacturing, innovation-led”. We strictly comply with the *Law on the Protection of Consumer Rights and Interests*, the *Product Quality Law*, and other applicable laws, regulations, and standards, ensuring product and service quality in a comprehensive manner and effectively safeguarding the legitimate rights and interests of consumers.

Governance

The Company has established policies such as the “Service Quality Management Measures”, defining management processes for product quality and customer service. We incorporate product and service quality management into our governance framework, building a comprehensive, multi-level quality management system. The Company has established a dedicated quality management department at headquarters to oversee end-to-end product and service quality management. We have also built a professional product testing center and strengthened after-sales service operations to ensure product inspection, acceptance, and service support, delivering reliable, high-quality products and services to customers.

Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Quality issues arising from design or manufacturing defects may result in product recalls.	Expenditure increased	Short term	High	We have established a full-chain quality control system covering raw material procurement through to finished product delivery, and maintain product liability insurance to mitigate potential financial risks.
Inadequate service processes or insufficient staff capabilities may lead to poor customer experience, resulting in complaints, reputational damage, and customer attrition.	Revenue (decline)	Short term Medium term	Medium	We strengthen professional training for service personnel and establish regular customer experience surveys to continuously improve service processes and standards.

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
By delivering high-quality products and services, the Company enhances customer satisfaction and loyalty, driving repeat purchases and positive word-of-mouth.	Revenue increased	Medium term Long term	Medium	We have established ongoing customer satisfaction surveys and incentive mechanisms to dynamically refine product and service quality standards.
Leveraging our technological strengths, we develop differentiated high-quality products, gain early market positioning, and achieve both product and brand premiums.	Revenue increased	Medium term Long-term	Medium	We increase investment in core technology R&D to create differentiated high-quality products and enhance market recognition of product quality advantages through brand communication.

Impact, risk, and opportunity management

Product quality management and improvement

The Company adopts advanced quality management tools and control methods, conducts quality benchmarking and QC improvement projects, and establishes a collaborative management mechanism characterized by “user demand-oriented, business unit-centered, headquarters-supervised, and supported by market regulation authorities”, thereby promoting continuous improvement in product and service quality. The quality management department, together with product line teams, relies on systems such as the “Quality Capability Evaluation Management Standard” to focus on system development, standard upgrades, issue remediation, tool application, and capability enhancement. We have established a PDCA closed-loop improvement mechanism to systematically advance end-product quality.

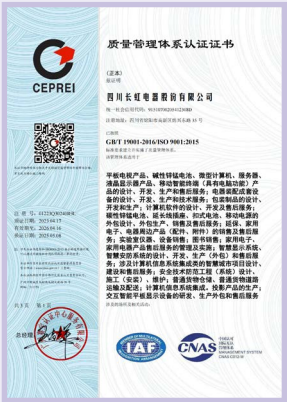
Quality Risk And Opportunity Management Process

The Company has established the “Quality Risk and Opportunity Management Procedure”, defining structured processes and measures for identifying, analyzing, evaluating, and responding to product quality risks and opportunities. In 2025, all quality risks remained within acceptable and controllable levels, with no major high-risk quality incidents, effectively avoiding significant economic losses and major quality accidents.

Identification of quality risks and opportunities	Business units identify quality risks and opportunities by analyzing the macro environment, industry landscape, and internal conditions, while considering the requirements of stakeholders such as customers, suppliers, and partners.
Quality risk and opportunity assessment	We assess identified risks based on severity and likelihood in accordance with evaluation criteria, determine risk coefficients, and classify risk levels (Level I: low risk; Level II: moderate risk; Level III:high risk).
Quality risk and opportunity control	We apply appropriate control measures based on risk levels, including risk elimination, avoidance, mitigation, or acceptance.
Quality risk and opportunity review	We conduct regular reviews of risk and opportunity management to verify the effectiveness of control measures.

Establishment of a Quality Management System

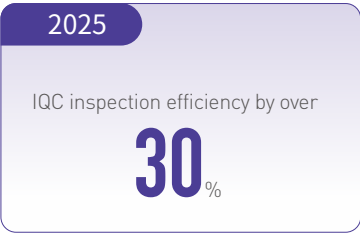
The Company’s product quality management measures cover the entire product lifecycle. The Company’s quality management system is aligned with the ISO 9001 standard, strengthening a three-tier framework of “quality manual, procedural documents, and management standards”, and continuously improving system performance. In 2025, the Company successfully passed the quality management system surveillance audit, confirming compliance with the ISO 9001:2015 international standard.



Quality Management System Certification

• Advancing digital quality management

We are advancing the development of a digital quality management platform, leveraging digital and AI technologies, including image and voice recognition and system integration, to capture lifecycle quality data across product design, incoming inspection, and production processes. By integrating quality tools and methodologies, we are building a digital quality platform that enables efficient collaboration, precise analysis, intelligent early warning, and data-driven decision-making based on reliable quality data. This platform empowers quality management across R&D, supply chain, production processes, and market performance, systematically enhancing overall quality assurance capabilities. In 2025, the Company established an IQC incoming material quality data application management system centered on material quality, which has been applied in certain product lines, improving IQC inspection efficiency by over 30%.



• Strengthen the product recall management mechanism.

The Company has established and effectively operates a product recall management mechanism, adhering to principles of proactive recall, legal compliance, closed-loop management, and consumer rights prioritization. We have formulated the “Defective Consumer Product Recall Management Measures”, defining full-process requirements for information collection, defect assessment, plan formulation, recall implementation, and reporting, with strict execution. In 2025, the Company had no product recalls, no major negative product or service incidents, and no material product quality and safety incidents.

• Quality enhancement training

The Company has defined requirements for quality professionals at all levels, including education, training, knowledge, skills, competencies, professional capabilities, and value contribution. We established qualification and grading standards for quality professionals and conduct targeted training programs to strengthen the capabilities of our quality workforce.

• Product quality certification management

In 2025, the Company conducted mandatory testing and auditing for household appliances and component products listed in the China Compulsory Certification (CCC) catalogue, obtained CCC certification, and was awarded the corresponding CCC certificates. Among them, 381 air conditioner models passed CCC certification.

• Quality improvement outcomes

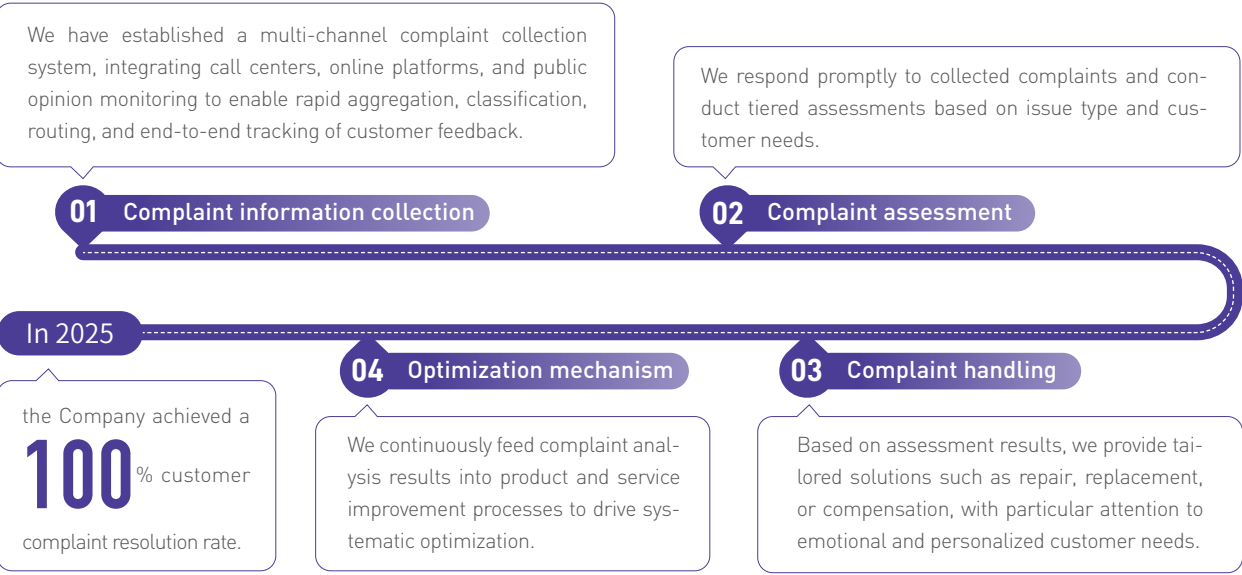


◆ Customer Service Rights Protection

The Company adheres to a “customer-centric” service philosophy and fully implements the PDCA (Plan-Do-Check-Act) cycle. We have established and implemented a standardized documentation system covering the entire service process, including the “Quality Manual”, “Household Appliance Service Standard SOP”, “User Complaint Management Measures”. We have also set up a dedicated service unit (Changhong Service Centers) to manage after-sales service, customer complaints, and customer rights.

• Customer Complaint Management Mechanism

The Company has established the “Customer Complaint Management Measures” and “Product Return and Exchange Procedures”. These policies define complaint categories, responsibility allocation, and standardized handling procedures.



Enhance after-sales service



Customer Satisfaction Surveys

- We have established multiple management policies, including the “Customer Satisfaction Evaluation Control Procedure”, “Installation and Maintenance Service Quality Inspection Measures”, and “Customer Satisfaction Survey Management Measures”.
- We conduct regular spot checks, post-service follow-ups, periodic satisfaction surveys, and on-site visits to continuously capture customer feedback and implement internal improvements, ensuring sustained customer satisfaction.
- In 2025, the Company conducted customer satisfaction surveys, achieving a satisfaction rate of **99.37%**, representing a year-on-year improvement.

Indicators	Unit	2023	2024	2025
Customer satisfaction rate	%	99.20	99.11	99.37
Customer complaint rate	%	0.19	0.19	0.15
Customer Complaint Resolution Rate	%	100	100	100

Product accessibility

The Group is committed to removing barriers related to geography and technology by optimizing product portfolios, expanding sales channels, and enhancing service quality, enabling products to reach consumers and delivering accessible smart living experiences.

Product channel accessibility

We continuously expand and enhance channel coverage by adding traditional retail outlets and Changhong Meiling specialty stores, integrating operator resources, developing O2O co-branded stores, and expanding across e-commerce platforms, including marketplace, live-streaming, social commerce, and membership-based channels. We also extend B2G and enterprise integration partnerships, establish community-based direct sales experience stores, and expand services in county, township, and rural markets to improve product accessibility.

Product design accessibility

The Company’s subsidiary Hongmofang focuses on the needs of users across different age groups and segments, building a healthy, compliant, and diverse large-screen content ecosystem:

We optimize product interaction design for elderly users and introduce a “Senior Mode” that simplifies interfaces and enhances voice assistance, lowering barriers to use and enabling seniors to easily enjoy the convenience of smart technology.

We launch a dedicated “Children Mode” for younger users, filtering inappropriate content and applying scientifically designed screen-time limits and age-based content recommendations to support their healthy development.

The Company’s Smart Health subsidiary showcased over 20 smart elderly care products at the 6th Sichuan International Elderly Care Services and Industry Expo, including digital hearing aids, non-contact vital signs monitors, smart health watches, and wearable ECG devices, supporting health management and safety protection while precisely addressing the needs of elderly users.



Responsible marketing

The Company strictly complies with the *Law on the Protection of Consumer Rights and Interests of the People’s Republic of China*, the *Advertising Law of the People’s Republic of China*, the *Anti-Unfair Competition Law of the People’s Republic of China*, and other applicable laws, regulations, and industry standards. The Company has formulated management policies for brand promotion and media communication, including the *Administrative Measures for News and Public Opinion Release and Communication*, the *Administrative Measures for Self-operated New Media*, the *Administrative Measures for Online Brand Image Carriers*, the *Bottom-line List for External Communication*, and the *Administrative Measures for External Spokespersons*, thereby shaping a credible brand image. The Company has established a “Brand and Quality Management Committee” to oversee brand marketing, brand value, brand communication, and related activities.

Responsible marketing commitment

The Company commits to strict review in all marketing and promotional activities, avoiding any exaggerated, false, or misleading statements, and upholding responsible marketing practices.

Standardized marketing management process

For general product marketing

we strictly comply with media placement requirements and require marketing personnel to adhere to responsible marketing principles, avoiding false or exaggerated claims and ensuring users can trust our products and services.

For specific IP products

we implement strict responsible marketing control mechanisms, ensuring all promotion and marketing activities respect and protect IP in accordance with established policies.

Product marketing education

We provide customers with product and service education through multiple channels.

For supplier clients

we promote products through government-enterprise partnerships, cross-industry collaborations, and supplier conferences, while clearly communicating key products, service benefits, and promotional offerings during the sales process.

For channel partners

we leverage our regional offices and product center training managers to deliver regular product training.

Indicators and Goals

In 2026, the Company will center on the ISO 9001 quality management system to strengthen end-to-end quality capabilities, enhance refined risk management, and advance digital enablement, ensuring compliant operations, safeguarding customer rights, and reinforcing brand trust and market competitiveness.

Indicators	Targets for 2025	Progress During the Reporting Period
Complaint resolution rate	Reached 100%.	Completed
Product recall incidents	No product recall incidents occurred.	Completed
Major product quality and safety incidents	No major product quality and safety incidents occurred.	Completed



Strengthening Data Privacy Management

The Company strictly complies with national laws and regulations on cybersecurity, data security, and personal information protection. The Company has established a data privacy management system and, through full-process risk prevention and control, ongoing capability building, and adherence to technology ethics, has built a robust data security defense and safeguarded user privacy rights, providing solid digital security support for stable operations and sustainable development.

Upholding Technology Ethics

The Company places great importance on technology ethics management. In scenarios such as user research and artificial intelligence, ethical requirements are embedded into project processes. The Company has issued the *Provisions on the Deployment and Application of Large AI Models* and other systems, promoting closed-loop security management of Large-scale AI models across dimensions including training data security, privacy protection, algorithm security, content compliance, ethical and moral safety, and system security. Through technical measures such as enhancing model robustness, adversarial defense, security validation, and interpretability research, the Company improves the safety and reliability of AI systems.

At the same time, the Company promotes the establishment of a Technology Ethics (Review) Committee to conduct regular inspections, evaluations, and handling of the implementation of technology ethics systems, and to carry out regular training and awareness programs on technology ethics.

Strengthening Data Security

In accordance with national laws and regulations and in light of its business practices, the Company has formulated the Management Rules for the Protection of Trade Secrets and implements classification-based and tiered management based on data security attributes.

The Company deeply integrates data security requirements into its core business processes. By conducting regular data security risk assessments, it systematically advances data security risk governance and strengthens its data security defenses.

2025

No data security incidents occurred during



Case: National Pilot Program for Innovative Development of Trusted Data Space for Enterprises

In response to challenges such as the difficulty of forming a closed-loop for data value across the supply chain, high barriers to collaborative data development between front-end and back-end systems, and difficulties in managing data security across internal and external collaboration, the Company plans to build and operate an intelligent manufacturing supply chain collaborative trusted data space. This initiative aims to support compliant and efficient circulation and utilization of supply chain data, enabling efficient business collaboration and innovation in ecosystem applications.

Safeguarding Information Security

The Company strictly complies with the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China, the Personal Information Protection Law (PIPL) of the People’s Republic of China, and other relevant laws and regulations. The Company has established an information security governance structure supervised by senior management, led by the digital transformation department, and collaboratively implemented by various business units. The Company continuously advances the development and normalized operation of its information security management system.

During the reporting period, the Company successfully passed the ISO/IEC 27001 Information Security Management System recertification and obtained the Level III certificate under China’s Multi-Level Protection Scheme (MLPS).

During the reporting period

No information security risk incidents occurred within the Company

Information Security Management Measures

Information Security Tiered Governance	- Establish a comprehensive information security management system and organizational structure, clarify cybersecurity management responsibilities at all levels, and strictly implement the requirements of the Multi-Level Protection Scheme (MLPS) for cybersecurity; - Build a defense-in-depth information security architecture, implement classification-based and tiered management of industrial data, and continuously enhance information security governance capabilities.
Information Security Certification	- Steadily advance comprehensive cybersecurity certification, including ISO/IEC 27001 Information Security Management System certification and MLPS certification; - Regularly conduct data security risk assessments, while completing cybersecurity product certification and professional cybersecurity personnel certification.

Information Security Management Measures

Information Security Training	The Company regularly invites internal and external information security experts to conduct training and awareness programs for employees at all levels, covering laws and regulations, management systems, and security awareness. The Company has established a dedicated information security training program covering all employees and delivers training on information security and privacy protection through diversified formats.
Information Security Emergency Response	The Company has established a full-process emergency response mechanism and regularly conducts cybersecurity emergency drills. During the reporting period, the Company handled more than 30 security incidents, none of which affected production and operations, effectively preventing the occurrence of major cybersecurity incidents.
Information Encryption and De-identification	The Company adopts encrypted storage for sensitive information such as user account passwords, and applies masking of sensitive fields to user mobile phone numbers, ensuring compliant use of information while safeguarding user privacy.
Supplier Information Security Management	The Company extends its information security management requirements to suppliers by signing confidentiality agreements and conducting on-site information security reviews.
Critical Information Backup	The Company has established a unified data backup system, implementing tiered backup management for information systems and data. The Company has also set up a disaster recovery data center to provide dual backup for both software and hardware of critical information systems.
Information Security Review	The Company has established a normalized information security review mechanism, conducting quarterly security testing of information systems, organizing annual internal information security reviews, and engaging third-party professional institutions to carry out information security risk assessments.

Customer Privacy Protection

The Company adheres to the principles of “lawfulness and compliance, user authorization, and minimum necessity”, and has established a customer privacy protection framework centered on the Administrative Measures for Cybersecurity and User Privacy Protection and the Administrative Measures for User Information Security of Service Information Systems. This framework covers full lifecycle management of user data. At the same time, the Company has established a multi-department collaborative governance structure, supported by technical traceability measures and a three-tier emergency response mechanism, to effectively protect customer privacy, fulfill compliance obligations, and strengthen the trust foundation of the digital service ecosystem.

During the reporting period

No user information leakage incidents occurred

Data Security and Privacy Protection

The Company has established an end-to-end security framework of “encryption–authentication–protection–control”. Through multiple measures—including data encryption technologies, multi-factor identity authentication and authorization, secure network transmission protocols, encrypted storage solutions, server firewall deployment, and refined access control strategies—it achieves full lifecycle security management of users’ personal information. In 2025, the Company obtained the Level III certification under China’s Multi-Level Protection Scheme (MLPS) for cybersecurity.

User Privacy Policy

Through its Honglingjin system, the Company released the Changhong User Privacy Policy, which provides users with a detailed explanation of the purpose, scope, methods, and protection measures for information collection. We cover all aspects of personal information collection, use, and protection, clearly informs users of data processing rules and their rights, and fully safeguards users’ right to information. In addition, the Company has issued the Changhong Children’s Personal Information Protection Rules and Guardian Notice, providing comprehensive protection for children’s personal information.

People-oriented Changhong

Safeguarding Employee Growth

“

Sichuan Changhong protects the legitimate rights and interests of employees, empowers their development, conveys corporate care, and achieves mutual growth and shared success between the Company and its employees, demonstrating the responsibility of a state-owned enterprise in talent development.

Improving Fair Employment Mechanisms	101
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Empowering Comprehensive Employee Development	107
Implementing Occupational Health and Safety	113

Respond to the United Nations Sustainable
Development Goals

5

GENDER
EQUALITY



8

DECENT WORK AND
ECONOMIC GROWTH



10

REDUCED
INEQUALITIES





Improving Fair Employment Mechanisms

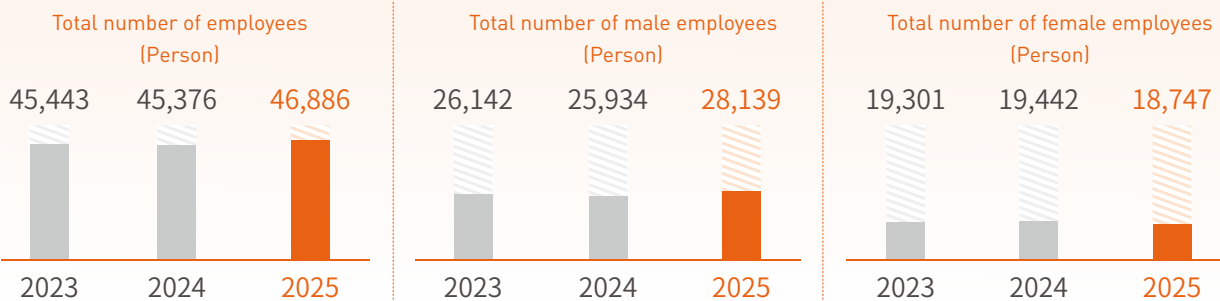
Sichuan Changhong upholds the bottom line of fair employment by integrating equal employment and diversity management throughout the entire talent management process, demonstrating inclusiveness and a strong sense of responsibility in talent governance. The Company has established a dedicated human resources management department responsible for employee management.

Equal Employment

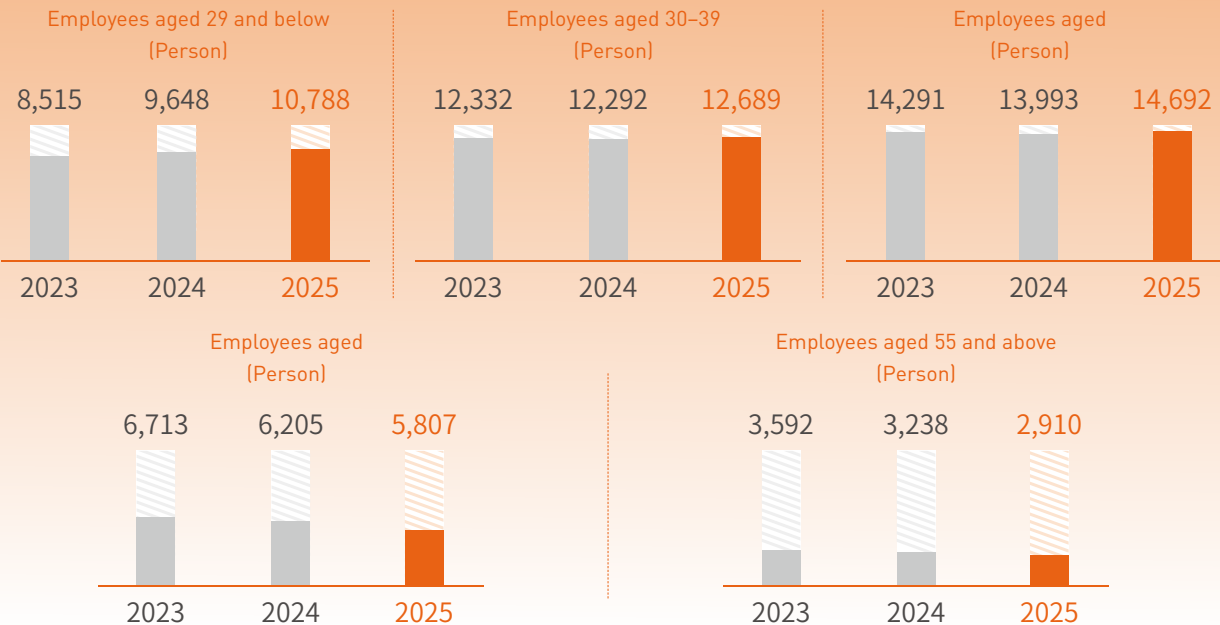
Sichuan Changhong has systematically established a fair employment system. We strictly comply with national and local labor laws and regulations, including the Civil Code of the People's Republic of China, the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on Promotion of Employment, and the Provisions on the Prohibition of Child Labor, and has formulated internal policies such as the Administrative Measures for Cadres and the Recruitment Management Measures to implement equal employment.

Employee Structure

Employee Headcount Statistics (2023–2025)



Employee Age Distribution (2023–2025)



Employee Regional Distribution (2023–2025)



Fairness and Anti-discrimination

The Company strictly implements institutional requirements such as the *Employment Management Guidelines* and the *Detailed Rules for Disclosure of Employment Information*. We prohibit all forms of employment discrimination based on nationality, gender, age, race, religion, pregnancy, disability, or other factors. We ensure that all employees enjoy equal opportunities in employment, compensation and benefits, and career development, fostering a talent environment characterized by openness, fairness, merit-based competition, and mobility.

Prevention of Child Labor and Forced Labor

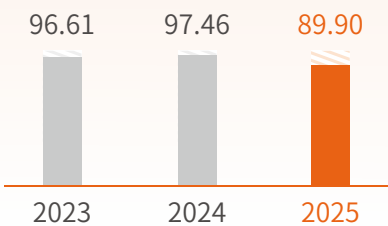
The Company also enforces the *Employment Management Guidelines*, the *Detailed Rules for Disclosure of Employment Information* and related rules, and has formulated the *Employment Management Measures*, which clearly stipulate that only individuals aged 18 and above may enter into labor contracts with the Company. We strictly comply with national working hour standards and firmly prohibits any form of child labor or forced labor. At the same time, the Company has established the *Administrative Measures for Employee Leave* to ensure reasonable working hours and employees' rights to rest and leave. During the reporting period, there were no incidents of discrimination, child labor, or forced labor.

Diversity Management

Overseas Employee Management

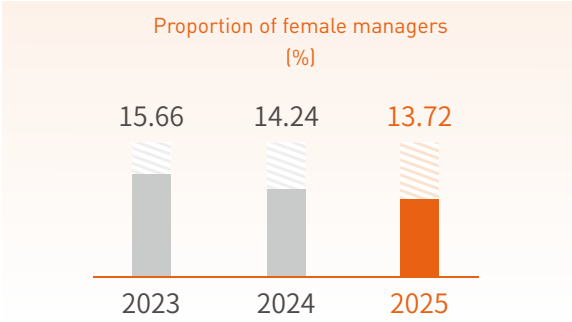
To effectively implement its internationalization strategy and accurately match talent needs of overseas core business units, the Company has established a full-chain overseas talent management system covering attraction, development, utilization, and retention. The Company has built a market-oriented and differentiated overseas compensation and benefits system, a diversified and targeted overseas recruitment system, and a talent development system integrating "theoretical empowerment + practical experience", thereby driving high-quality and sustainable development of overseas business through enhanced Global talent management.

Localization rate of overseas employees (%)



Female Employee Management

The Company attaches great importance to the management of female employees. Guided by principles of equality, respect, and care, the Company has built a diversified development platform.



Implementation of Equal Pay for Equal Work

- The Company strictly enforces the principle of equal pay for equal work, eliminating gender-based pay discrimination at the institutional level and ensuring that female employees enjoy fully equal rights with male employees in compensation and performance incentives.

Safeguarding Maternity and Work-Life Balance

- Flexible working arrangements, including flexible working hours and remote work, are provided for pregnant employees;
- Nursing rooms are established in office areas, equipped with constant-temperature refrigerators, comfortable nursing chairs, and baby care tables, providing private and convenient spaces for breastfeeding employees.

Prevention of Workplace Harassment

- The Company strictly prohibits all forms of workplace harassment and handles such incidents in accordance with laws and regulations, respecting and protecting female employees.

Management of Special Employee Groups

Upholding principles of respect and inclusiveness, the Company creates a fair, equitable, and supportive working environment for special employee groups, enabling them to fully realize their talents and achieve personal value.

Case: Changhong Air Conditioner's Practice of Equal Employment

Changhong Air Conditioner strictly implements equal employment and diversity and inclusion principles, effectively safeguarding the employment rights of persons with disabilities and other special groups. As of the end of the reporting period, Changhong Air Conditioner and its subsidiaries employed 55 persons with disabilities. The Company provides customized job positions based on employees' physical conditions, ensures full payment of social insurance in accordance with national regulations, and guarantees comprehensive coverage in medical care, pension, unemployment, work injury, and maternity benefits. We also provide financial assistance and organize dedicated communication sessions to explain company policies, ensuring comprehensive protection of rights and delivering human-centered care for special employee groups.

Management of Employees in Hardship

The Company has further improved its assistance and relief mechanisms for employees in hardship by establishing support ledgers and information platforms. Leveraging the "Hongkang Medical Relief System", we provided over RMB 100,000 in assistance funds to employees suffering from major illnesses and those facing family difficulties. The Company completed annual declarations for employees in hardship and implemented tiered support measures to ensure effective alleviation of difficulties and improvement of their living conditions.

Safeguarding Employee Rights and Well-being

Democratic Management and Communication

The Company integrates democratic management deeply into its business operations, continuously advancing the development of a multi-level employee representative congress system and promoting the effective implementation of collective consultation mechanisms.

Employees' Representative Congress

The Company adheres to democratic management of enterprise affairs with transparency, with the Employees' Representative Congress system as its fundamental form. We implement democratic election, democratic consultation, democratic decision-making, democratic management, and democratic supervision in accordance with the law. This approach fully mobilizes employees' enthusiasm, initiative, and creativity, and fosters harmonious labor relations.

In 2025, the Company convened the Fourth Session of the Fifth Employees' Representative Congress, enabling employee representatives to gain a comprehensive understanding of its annual operating performance, business plans, and reform initiatives. During the reporting period, to further broaden channels for democratic management, the Company held five joint meetings of heads of employee representative groups. These meetings reviewed important documents directly affecting employees' interests, including the *2025 Collective Wage Agreement and revisions to the Enterprise Annuity Plan*, thereby promoting co-construction and sharing between employees and the Company and enhancing employees' sense of gain and satisfaction.

Enriching Democratic Engagement

The Company has upgraded employee service facilities and platforms. In 2025, we completed the construction of an employee activity room at the Changhong Trade Center. To date, the Company has established four "Employee Homes", four employee activity centers, seven psychological support stations, and nine "mommy & baby rooms". These facilities have significantly enriched employees' cultural and recreational life, and the achievements in facility development have received high recognition from municipal, provincial, and national trade unions.

2025, To date

4

Employee Homes

4

employee activity centers

7

psychological support stations

9

"nursing rooms"

◆ Labor Dispute Mediation Mechanism

The Company continuously improves its labor dispute mediation mechanism to build harmonious labor relations. Leveraging mediation committees and mediator teams at all organizational levels, the Company conducts labor dispute mediation in accordance with the principles of “prevention first, mediation as priority, and coordinated linkage across levels”. In 2025, the Company assisted in handling more than 30 cases related to petitions, rights protection, and labor disputes.

2025

The Company assisted in handling more than **30** cases related to petitions, rights protection, and labor disputes.

Remuneration and Benefits

The Company has built up its compensation and benefits system centered on “pay for position, pay for capability, and pay for performance”. The Company has formulated the *Compensation Management Measures* and the *Administrative Measures for Benefits and Allowances*, providing employees with competitive remuneration packages, including salaries, settling-in allowances, housing subsidies, and meal allowances. Relying on fair and transparent mechanisms, it safeguards employees’ income rights and effectively enhances their sense of gain.



Overview of Employee Benefits

Benefits System

- ◆ A “tiered management” compensation and benefits system has been established. Subsidiaries formulate moderately differentiated compensation and benefits policies based on industry characteristics and regional differences.
- ◆ Employee income consists of base salary for the position + performance-based variable pay + benefits and allowances.
- ◆ Performance-based variable pay is determined by subsidiaries based on operating conditions and job characteristics, with defined assessment cycles, evaluation standards, and reward and penalty criteria, and is distributed after performance evaluations.

Performance and Incentive System

- ◆ The Company has improved its employee welfare and security system, achieving 100% coverage of five. The one housing fund, providing employees with solid social security protection;
- ◆ A fair and equitable compensation incentive mechanism has been established, closely linking performance outcomes with remuneration to fully stimulate employees’ motivation and creativity and to build stable and harmonious labor relations.

Performance Appeal

The Company has formulated the *Employee Performance Management Measures*, which clearly stipulate that employees who have objections to the performance evaluation process or results may communicate with their direct supervisors or file an appeal to a higher level. The appeal mechanism is as follows:

Employees of Headquarters Functional Departments

- ◆ Departments provide feedback on evaluation results to employees and conduct one-on-one performance communication. The direct supervisor and the employee jointly complete the *Performance Interview and Improvement Plan Form*.
- ◆ If employees have objections to evaluation results, they may submit a performance appeal to the Company’s human resources department, which is responsible for accepting and handling such appeals. The appeal process is strictly documented, and a *Performance Evaluation Appeal Form* is completed.

Employees of Subsidiaries

- ◆ Subsidiaries have established their own performance appeal mechanisms. Employees of subsidiaries may file appeals through the relevant mechanisms with the subsidiary’s human resources management department or the Company’s human resources department. Relevant departments handle appeal matters in accordance with established policies and procedures.



Empowering Comprehensive Employee Development

Sichuan Changhong has built a full-cycle career development ecosystem. Through the integration of hierarchical training system and dual-track promotion pathways, it aligns with employees' capability advancement needs, enabling both individual value enhancement and the achievement of organizational strategic objectives.

Career Development

The Company has established a "unified system with tiered management" rank and position system, comprising six major job categories with corresponding ranks. The Company has created dual-track career development pathways for both professional and managerial advancement. Annual rank evaluations cover all employees, with promotions based on capability and contribution and accompanied by corresponding salary adjustments, thereby empowering employee growth and value realization.

"Six Job Categories"

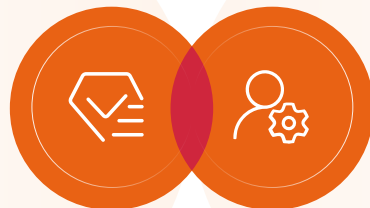
Management (M), R&D (D), Engineering and Technical (T), Functional (F), Marketing (S), and Production (P).

Rank Setting

Based on job complexity across categories, 1-7 rank levels are defined, with the production category extending up to Level 8.

Professional Development Path

- ◆ The Company provides a 6-7 level promotion pathway for technical professionals across RD, engineering technology, marketing, functions, and production.
- ◆ A multi-disciplinary qualification framework has been established, with clearly defined requirements across professional knowledge, skills, and key competencies at different levels, and is dynamically updated in alignment with the Company's annual strategy;



Management Development Path

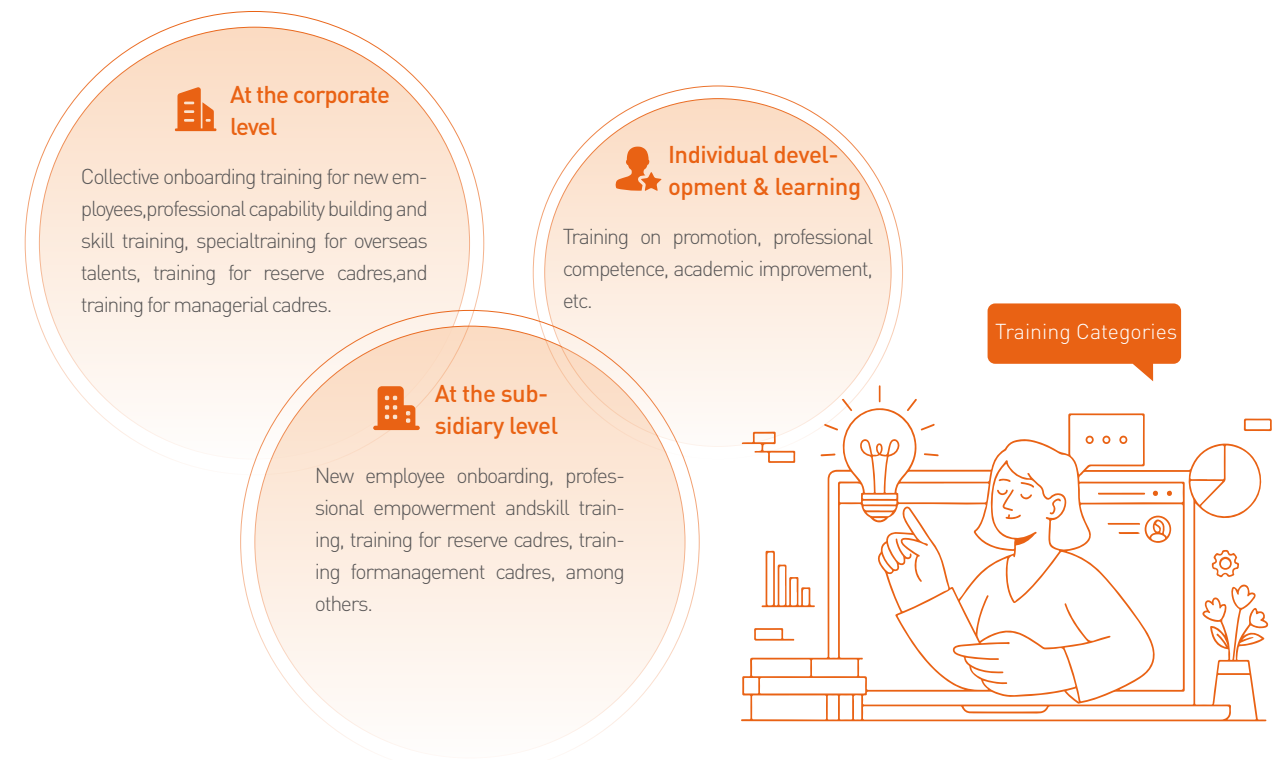
- ◆ A four-level promotion pathway has been designed to support employees' transition from self-management to managing others and ultimately managing teams;
- ◆ A reserve management talent pool has been established, covering all management levels, with systematic development in leadership, management capabilities, and business perspective.

Employee Training

The Company has developed a hierarchical, categorized, targeted empowerment training system, building a full-lifecycle career training ecosystem. We adopt diversified training models integrating online and offline approaches, customize courses for different employee groups, and focus on the development of key talent. Training empowerment is leveraged to translate learning outcomes into drivers of enterprise development.

Tiered and Differentiated Training Mechanism

The Company designs tailored training programs for different employee groups, including management personnel, key professional talent, highly skilled talent, and new hires. Training content covers leadership training, management and control training, onboarding training for new hires, skills training, and qualification certification.



Case: "Spark Program" Empowering Campus Recruitment New Hires

Sichuan Changhong has developed the "Spark Program", a dedicated onboarding training initiative for campus recruits, helping graduates understand the Company, complete role transitions, and enhance professional competencies. The program lasts six months and consists of two phases: centralized Group-level training and employer-unit-led training. The former includes five core modules, while the latter combines internal training with a mentorship system over five months. This program injects vitality into the Company's talent pipeline and strengthens the foundation for long-term development.



Spark Program Opening Ceremony



Spark Program Corporate Culture Class



Case: Changhong “Master Classroom” Cultivating Skilled Talent

In 2025, Sichuan Changhong organized six sessions of “Master Classroom” skills training, focusing on themes such as lean smart manufacturing, with a total of 337 participants trained. The program innovatively integrates online and offline formats and combines theoretical instruction with practical application, promoting the effective transformation of skills into practice. Participants’ learning outcomes have contributed to improved production efficiency and quality, while also establishing an internal branded training program and fostering a virtuous cycle of skills inheritance.



Master Classroom

- ◆ During the reporting period, provided assistance to **27** employees in hardship;
- ◆ Conducted more than **6,000** visits to model workers, craftsmen, and frontline employee representatives;
- ◆ Organized centralized consolation activities during major holidays such as New Year’s Day and Spring Festival, covering more than **30,930** employees and retirees under management platforms;
- ◆ Leveraged the “Hongkang Medical Relief System” to provide over RMB **100,000** in financial assistance to employees with major illnesses and those facing family difficulties.



Employee Consolation Activities

Employee Care

The Company adheres to a people-oriented approach, addressing diverse employee needs by building a comprehensive, multi-level care system. We provide holistic support covering both work and life, as well as material and psychological well-being, thereby fostering strong synergy between the Company and its employees.

◆ Assistance for Employees in Hardship

The Company continues to deepen the “Doing Practical Things for Employees” initiative, constantly improving its employee service system and enhancing the precision and effectiveness of assistance efforts.

Maintains a normalized care mechanism, providing year-round support and visits to employees suffering from major illnesses, work-related injuries, or hospitalization;

Continues themed care initiatives such as “Warmth in Spring, Coolness in Summer, Educational Support in Autumn, and Care in Winter”;

Pays particular attention to employees working in toxic, hazardous and strenuous posts;

◆ Employee Engagement Activities

The Company strives to balance employees’ work and life by regularly organizing festive celebrations and sports club competitions, enhancing employees’ sense of happiness and belonging.



Lantern Festival Activities



Changhong Shuttlecock Club



Changhong Badminton Club



Changhong Table Tennis Club



"Hong Family Values" Pavilion Visit Activity



"Parents of Changhong Employees Visiting Changhong" Appreciation Initiative



Changhong Carnival Event

◆ Focus on Employee Mental Health

The Company values employees' psychological well-being and actively advances the development of a psychological care system for employees.

- ◆ Continued development of the psychological care system, conducting **seven** in-person counseling sessions during the year, serving **183** employees (including **129** on-site consultations and 54 online consultations);
- ◆ Organized **two** themed lectures and training sessions on mental health, with more than **110** frontline team leaders participating in training on "Emotional Stress Management and Eye Health Knowledge";
- ◆ Conducted online knowledge competitions and sleep disorder psychological assessments during the "5-25 Mental Health Day" activities;
- ◆ Psychological care services reached more than **3,000** employees throughout the year.

◆ Care for Female Employees

The Company consistently prioritizes support for women's career development and is committed to building an equal, inclusive, and empowering workplace environment, providing diversified development platforms for female employees.

- ◆ Selected outstanding female employees of the year to encourage innovation and excellence in their roles and showcase the spirit of women in the new era;
- ◆ Provided support visits to 10 female employees in hardship, including female migrant workers;
- ◆ Completed care and assistance programs for four provincially recognized female employees in hardship;
- ◆ Strictly implemented the special collective agreement on the protection of female employees' rights, ensuring legal rights related to the "four periods" (pregnancy, maternity, breastfeeding, and recovery) and participation in decision-making.
- ◆ To enrich the cultural life of female employees, the Company organized activities such as the "Rose Book Club" reading initiative and "Happy Children's Day" parent-child events, showcasing the talents and vitality of female employees.



Female Employee Care Activities

◆ Employee Satisfaction Surveys

The Company regards employee satisfaction as a key indicator of corporate development. Through regular employee satisfaction surveys, it actively listens to employees' voices and accurately identifies their needs and expectations. Based on survey results, the Company continuously optimizes management measures, improves its benefits system, and enhances the working environment, promoting the joint growth of the Company and its employees.

Changhong Jiahua

While pursuing improvements in both efficiency and effectiveness and advancing cost reduction and efficiency enhancement, the Company strengthens the HR role as an "employee partner", maintaining employee satisfaction above **95%**. Through activities such as stress relief and emotional regulation, the Company helps employees reduce pressure, maintain health, and improve work efficiency.

Employee Turnover Management

The Company recognizes the importance of employee turnover management and focuses on analyzing the underlying causes of turnover, including compensation and benefits, career development, and working environment. By implementing targeted strategies and optimizing retention mechanisms, the Company aims to reduce employee turnover, maintain team stability, and build a solid talent foundation for sustainable and stable development. In 2025, the Company's employee turnover rate was 4%.

Implementing Occupational Health and Safety

Sichuan Changhong regards occupational health and safety (OHS) as a core pillar of sustainable development. The Company has established a comprehensive governance system covering strategic layout, system construction, risk prevention and control, and performance assessment. Guided by international standards, the Company continuously enhances its OHS performance through systematic certification and dynamic management, demonstrating the responsibility of an industry-leading enterprise in safeguarding employee rights and ensuring production safety.

Occupational Health and Safety

Governance

The Company complies with the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China and the Regulations on Occupational Health Management in the Workplace. The Company has formulated systems including the Responsibility System for the Prevention and Control of Occupational Disease Hazards, the Occupational Hazard Warning and Notification System, the Occupational Hazard Project Reporting System, the Occupational Health Education and Training System, the Maintenance and Inspection System for Occupational Protection Facilities, and the Management System for Occupational Protective Equipment. A three-tier occupational health and safety management structure has been established to effectively carry out occupational supervision and management. The Company's parent company has joined the Sichuan Occupational Health and Safety Association.



Strategy

Risk Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Safety incidents damaged the brand's reputation	Revenue (decline) Assets Depreciation	Short term Long term	High	- A scientifically established dual prevention mechanism is implemented to strengthen risk control and prevent accidents - Increased investment in work safety and strict control of operational processes - Improvement of emergency response plans to enhance emergency handling capabilities
Workshops such as those engaged in electronic manufacturing may involve noise and electromagnetic radiation, which, if exposed to over a long period, may affect employees' hearing and nervous system health.	Cost increased	Short term Long term	Medium	- Strict source control with full implementation of the "three simultaneous" system for construction projects; - Strict implementation of regular testing of occupational disease hazard factors, identification of hazards, and adoption of engineering and technical control measures - Regular occupational health examinations are organized for employees exposed to hazards, and health surveillance records are established

Opportunity Description	Financial Impact	Impact Duration	Impact Level	Mitigation Measures
Health management programs are implemented, resulting in a decrease in employee sick leave rates	Revenue increased Costs decreased	Medium term Long term	Medium	- Employee health training and team-building activities are conducted - Introduce advanced employee management philosophy and techniques

Impact, Opportunities, and Risk Management

Development of the Occupational Health and Safety System

The Company continuously improves its occupational health and safety system. During the reporting period, the Company obtained Occupational Health and Safety Management System certification.



Sichuan Changhong Occupational Health and Safety Management System Certification Certificate

● Testing of Occupational Disease Hazard Factors

In strict accordance with the *Law on the Prevention and Control of Occupational Diseases* of the People's Republic of China, the Company has established a regular testing mechanism for occupational disease hazard factors. We conduct comprehensive inspections of the Company (including Changhong China Smart Display and the Energy and Utilities Center) every three years through qualified third-party testing organizations.

For subsidiaries, regular testing of occupational disease hazard factors in workplaces is conducted. A total of 4,045 testing points were assessed, with a 100% compliance rate.

● Occupational Health Examinations

The Company conducts occupational health examinations in accordance with the law. For positions exposed to key occupational hazards—including 1,637 employees exposed to chemical hazards, 694 to dust, 1,070 to noise, 403 to high temperatures, and 116 to radiation—risk assessments, on-site testing, and health surveillance are conducted. Targeted measures are implemented based on the characteristics of occupational hazards, including engineering controls, management measures, and personal protective measures.

During the reporting period, occupational health examinations were conducted for 9,302 employees in hazard-exposed positions, achieving a 100% examination rate.

During the reporting period

occupational health examinations were conducted for
employees in hazard-exposed positions

9,302

achieving a
examination rate.

100%

● Occupational Health Training

The Company actively organizes occupational health training. During the reporting period, 94 occupational health practitioners and 45,648 on-the-job employees received occupational health training.

● Employee Consultation

The Company involves employees in the optimization of occupational health management and actively solicits their feedback. For example, in the selection and upgrading of personal protective equipment, frontline employees are invited to conduct on-site trials and provide feedback to ensure both effective protection and user comfort.

◆ Metrics and targets

The Company continues to improve its occupational health and safety management system, benchmarks against industry best practices to optimize systems and processes, strengthens OHS training and awareness across all employees, prevents major and severe safety accidents, reduces occupational health risks, safeguards employees' physical and mental well-being, and creates a safe, healthy, and compliant working environment.

Indicators	Targets for 2025	Progress in Reporting Period
The number of work-related fatalities, the number of occupational disease cases, and the incidence rate of occupational diseases were	0	Completed
Occupational disease hazard factor detection rate	100%	Completed
Occupational health surveillance compliance rate	100%	Completed

Work Safety

◆ Work Safety Management System

The Company has established a comprehensive system of work safety management policies, including the Safety Production Supervision and Management System, the Work Safety Performance Assessment Management System, and the Work Safety Meeting System. A Work Safety Committee, composed of senior management and department heads, is responsible for decision-making and supervision of work safety. An Office of the Work Safety Committee has been set up within the Safety and Environmental Protection Department to coordinate implementation and information communication. Dedicated work safety management personnel are assigned to carry out inspections, patrols, and risk screening. In 2025, the company had a total of 20 units maintaining valid ISO 45001 system certification.

◆ Work Safety Risk Management Mechanism

The Company has established the Measures for the Graded Control of Work Safety Risks, forming a complete management system covering identification, assessment, monitoring, and response.

Risk Identification	Using a normalized, company-wide participation approach, each unit carries out step-by-step, end-to-end risk identification in accordance with its plan, and conducts systematic screening based on standards such as the <i>Guidance Manual for the Identification and Prevention of Major Hazardous Factors in Industrial and Trade Sectors</i> .
Risk Assessment	Identified risks are assessed and graded using the LEC risk assessment method, and classified into four levels: major, relatively major, general, and low risks.
Risk Management and Control	Differentiated control measures are adopted for risks of different levels. Major risks are directly controlled by the Company and are subject to dedicated emergency response plans, while lower-level risks are managed and controlled by workshops or teams.

Risk Monitoring	A multi-level, normalized risk monitoring and inspection mechanism has been established. Differentiated inspections are conducted based on management units such as the Company, platform departments, quasi-independent accounting units, manufacturing plants, and teams. Technical measures, including online monitoring and video surveillance, are comprehensively applied to continuously enhance risk monitoring capabilities.
Risk Review	All risk points are subject to dynamic management and regular annual review and assessment to ensure the continued effectiveness of control measures. In addition, a “one enterprise, one file” record-keeping system has been established to enable the registration, updating, and reporting of risk information.

Investigation and Remediation of Work Safety Hazards

The Company has formulated the *Hazard Identification and Rectification Management System and the “Dual Reporting” System for Hazard Identification and Major Hazard Rectification*, establishing a three-tier hazard identification mechanism at the Company, workshop, and team levels, and promoting full employee participation through a combination of “hazard identification + reporting incentives”. Hazards are managed on a graded basis and are classified, according to risk severity, into general hidden hazards and major hidden hazards. General hidden hazards are required to be rectified promptly. For major hidden hazards, dedicated action plans are launched, with follow-up supervision by the Safety and Environmental Protection Department. The Company strictly implements the rectification process featuring designated responsibility, measures, funding, timeline and contingency plan, so as to ensure full closed-loop management.

During the reporting period			
The Company identified	Rectified	Employees proactively reported	he Company also identified and
14,017	13,790	1,344	16
work safety hazards	of them.	various hazards, for which rewards totaling	major accident hazards.
		RMB 171,000 were granted	

Safety Emergency Management

The company has established the *Emergency Rescue Plan and Emergency System Management Regulations*. In 2025, the Company updated its Emergency Response Plan for Production Safety Accidents, specifying five key stages: “information reporting – response grading – emergency activation – organized response – post-incident handling”. During the reporting period, the company headquarters and more than 20 subsidiaries completed work safety emergency exercises, thereby establishing a closed-loop management process from early warning to recovery.



Changhong Smart Display (China) Co., Ltd. carried out a fire emergency drill.



In 2025, Changhong Development organized four emergency evacuation drills, with more than 200 participants.

Development of Safety Culture

Upholding the principle of “safety first and life above all”, the Company carried out a series of themed activities, including Work Safety Month, Fire Safety Publicity Month, and the Ankang Cup competition. During the year, the Company collected 1,750 rationalization proposals, verified 2,544 valid cases under the “Safety Whistleblower” initiative, organized an emergency skills competition with 34 teams competing on the same stage, and selected four group-level teams as “Ankang Demonstration Teams”, thereby systematically building a safety culture system featuring full participation and practical orientation.

Case: Sichuan Changhong Mold and Plastic Tech Carried Out “Work Safety Month” Themed Activities

In June 2025, Sichuan Changhong Mold and Plastic Tech closely aligned with the theme of Work Safety Month and vigorously carried out activities to enhance the safety literacy of all employees. During the event, an online safety knowledge competition was held to strengthen employees’ theoretical foundation. A total of 1,235 employees actively participated, with 3,710 cumulative entries submitted. Each production unit also produced short safety videos based on job-specific risks, using innovative communication methods to convey positive messages on safe development. Through competition-based learning and culture-based engagement, the event embedded safety knowledge deeply among employees and translated it into practical action, significantly enhancing the risk prevention awareness and emergency response capabilities of all staff.

An online safety knowledge competition was conducted to strengthen employees’ theoretical foundation, with a

total of **1,235** participants and **3,710** cumulative participations.



Safety Training

The Company has established the “Safety Training and Education Management System” and conducts systematic and targeted safety training on a regular basis through diversified approaches that combine theory with practice and integrate online and offline formats. In doing so, it disseminates safety knowledge and skills, reinforces safety awareness among all employees, and enhances emergency response capabilities, thereby building a solid line of defense for the Company’s steady operations and employees’ peace of mind at work. In 2025, the Company ensured effective training coverage for both critical safety posts, with a 100% pass rate.

Specialized training for principal persons in charge:

100 person-times

Training for safety management personnel:

248 person-times

Training for occupational health management personnel:

94 person-times

Training for hazardous chemicals warehouse administrators:

201 person-times

Training for personnel supervising special operations:

268 person-times

Safety training for new employees:

87,150 person-times

Training for on-the-job employees:

148,682 person-times

Work Safety Indicators and Targets

Indicators	Targets for 2025	Progress in Reporting Period
Implementation rate of the “three simultaneous” requirements for safety, environmental protection, and occupational health in new, modified, and expanded construction projects	100%	Completed
Pre-job safety training pass rate for newly recruited, transferred, and reinstated employees	100%	Completed
Major work safety accidents	0	Completed
Work safety investment in 2025	-	RMB 66.963 million

Responsible
Changhong
Empowering Synergistic Development

05

“

Sichuan Changhong remains committed to the mission and responsibility of a state-owned enterprise. Guided by the vision of “Responsible Changhong”, it continues to deepen diversified social responsibility practices, advance the responsible supply chain ecosystem, promote industrial synergy and co-creation, support all-around rural revitalization, and fulfill its social responsibilities through coordinated action.

Deepening the Responsible Supply Chain Ecosystem 123

Supporting All-around Rural Revitalization 135

Actively Fulfilling Social Responsibilities 138

Respond to the United Nations Sustainable Development Goals

5

GENDER
EQUALITY

8

DECENT WORK AND
ECONOMIC GROWTH

10

REDUCED
INEQUALITIES





Deepening the Responsible Supply Chain Ecosystem

Sichuan Changhong strictly adheres to the principles of responsible procurement, actively promotes supplier diversification, and empowers SME partners on an equal basis through fair and transparent procurement policies, resource support, and capability building. In doing so, the Company builds an open, collaborative, mutually beneficial, and sustainable value network, and guides the industrial chain toward coordinated and responsible development. The Company has joined the Electronics Industry Supply Chain Branch of the China Federation of Logistics & Purchasing and serves as a vice chair unit.



★★★★
In January 2025, it received the 2024 Outstanding Case Award for the Electronics Industry Supply Chain from the Electronics Industry Supply Chain Branch of the China Federation of Logistics & Purchasing.

★★★★
In October 2025, it was honored as a "China Supply Chain ESG Management Demonstration Enterprise".

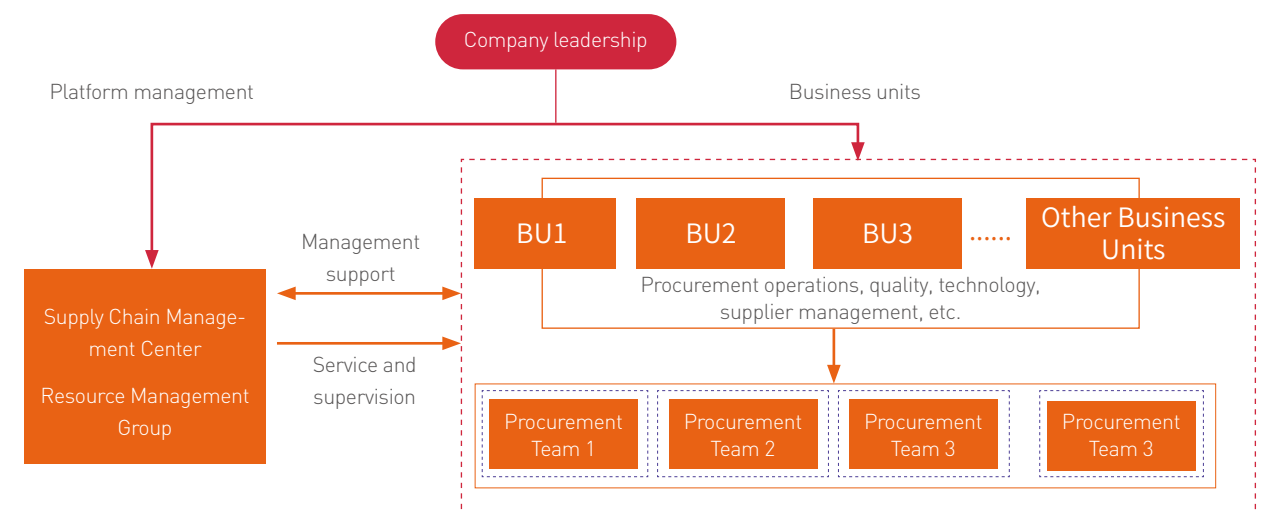
★★★★
In July 2025, it was selected as an exemplary case for inclusion in the 2025 Report on the Development of Digital and Intelligent Procurement and Supply Chains.

★★★★
In December 2025, it won the 2025 Annual Award for Industrial Internet.

Supply Chain Safety

Organizational Structure for Supply Chain Management

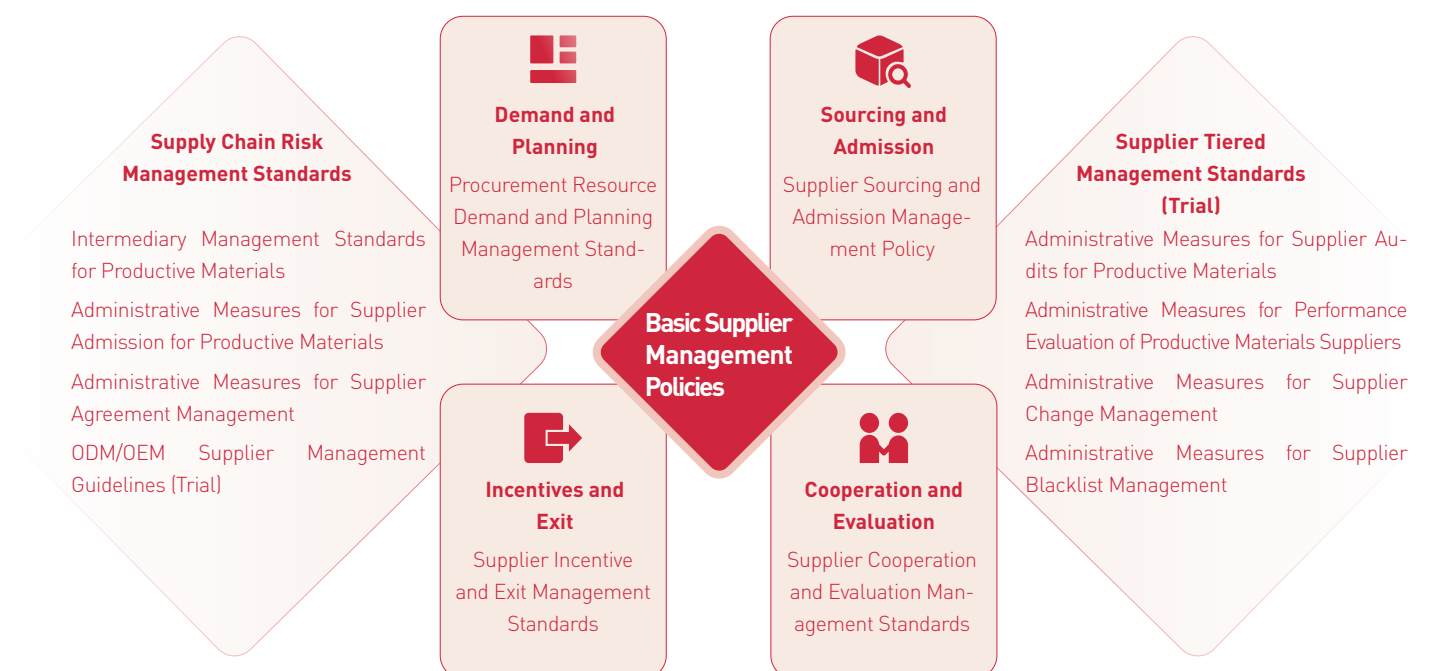
The Company has established and further improved its supply chain management system. Senior management is responsible for the review, approval, decision-making, and top-level design of supply chain management. Supply Chain Management Center of the Company takes the lead in the development and supervision of the procurement and supply chain management system, and advances in an orderly manner the three-step working mechanism of "institution building, integration of digital and intelligent technologies, and industrial synergy". It is responsible for establishing and improving the supplier management system, promoting supplier management through the smart supply chain, and guiding and supervising business units in carrying out supplier management.



Supply Chain Governance Policy System

In accordance with the Code of Conduct of the electronics industry issued by the Responsible Business Alliance for the electronics industry, the latest ISO 9001 Quality Management System standards, and laws and regulations including the Civil Code of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China, the Telecommunications Regulations of the People's Republic of China, and the Anti-Unfair Competition Law of the People's Republic of China, the Company has established a core institutional system for full lifecycle supplier management featuring a "one-beam, four-pillar" structure, and has continued to revise and improve it.

In 2025, the Company revised a total of seven supplier management documents, optimized and improved management requirements for the supplier blacklist, supplier admission, and supplier evaluation, and rebuilt one supplier evaluation model.



Strategy

Risk Descripti on	Financial Impact	Impact Dura- tion	Impact Level	Mitigation Measures
Production stagnation caused by supplier dis- ruption	Revenue (decline) Expenditure in- creased	Short term Medium term	Medium	- Establish a diversified supply mechanism and regu- larly assess supply risks. - Establish safety stock and optimize inventory man- agement strategies.
Fluctuation of raw ma- terial price	Expenditure Increase	Short term Medium term	Medium	- Enter into strategic cooperation with suppliers and sign pricing agreements - Enhance market price monitoring and adjust pro- curement strategies.

Opportunity Description	Financial Impact	Impact Dura- tion	Impact Level	Mitigation Measures
Supply chain optimization	Costs decreased	Medium term Long term	Medium	- Implement supplier performance evaluations. - Advance supply chain digital transformation for op- erational efficiency.
Resilient supply chain attracting premium cli- ents	Revenue increased	Medium term Long term	Medium	- Strengthen the publicity of supply chain risk man- agement to demonstrate resilience. - Develop customized supply chain solutions for key accounts.

Impact, Risk, and Opportunity Management

Supply Chain ESG Management

The Company has established a full lifecycle ESG management mechanism covering supplier admission review, performance evaluation, tiered management, supplier coaching, and exit. ESG factors such as social responsibility and environmental protection are incorporated into each stage. In 2025, the ESG control rate for supplier admission reached 100%.

01 Supplier Admission

Resource screening: In accordance with the Administrative Measures for Supplier Admission for Productive Materials, each unit formulates screening rules based on the characteristics of its industry, requiring potential suppliers to complete the Supplier Ques- tionnaire and provide supporting materials covering multiple ESG dimensions, including quality, R&D, supply chain, environmental protection, and social responsibility.



Compliance review: Suppliers may not be recommended under six circumstances, including incomplete qualifications, products that have not obtained mandatory certification, and failure to provide hazardous substance testing reports. Among these, environ- mental compliance, execution of quality agreements, and hazardous substances control systems are treated as veto items.



Agreement execution: Suppliers that pass the review are required, in accordance with the Administrative Measures for Supplier Agreement Management, to sign relevant agreements, including the confidentiality agreement, integrity cooperation agreement, safe operations agreement, and corporate social responsibility agreement, all of which include ESG-related provisions. By the end of 2025 the Company archived nearly 55,000 agreements online. We signed corporate social responsibility agreements with nearly 2,000 suppliers, and the signing coverage rate among suppliers in key areas reached 98.2%.



Supplier audits: For suppliers identified through assessment as requiring an audit, the Company establishes an audit team to con- duct on-site audits based on the RBA (Responsible Business Alliance Code of Conduct) and in accordance with the Administrative Measures for Supplier Audits for Productive Materials. The audit scope includes ESG factors such as environmental protection (e.g., RoHS management system, chemical safety, equipment safety, and health), corporate social responsibility (e.g., child labor and underage workers, forced labor, discrimination and disciplinary practices, freedom of association and communication), and business ethics (e.g., anti-corruption). Failure in any starred item results in an overall failure.

02 Supplier Performance Evaluation

Scope of performance evaluation

In accordance with the Supplier Coop- eration and Evaluation Management Standards, the Company carries out supplier performance evaluations, in- cluding risk assessments, change as- sessments, performance evaluations, audits, and blacklist evaluations.

Performance evaluation cycle

In accordance with the Administrative Measures for Performance Evaluation of Productive Materials Suppliers, the Company conducts annual, quarterly, and monthly evaluations on a regular basis.

Performance evaluation factors

ESG-related indicators, including sup- pliers' environmental performance, corporate social responsibility, and cybersecurity and information securi- ty performance, are incorporated into the evaluation.

03 Tiered Supplier Management

Based on supplier performance evaluation results, the Company implements tiered and categorized management:

Grade A	Grade B	Grade C	Grade D
Cooperation is strengthened, including increasing procurement share and optimizing and expanding the scope of application.	Continued cooperation may be maintained.	Procurement is restricted in volume. In principle, such suppliers may not serve as primary suppliers under a bidding item. Supplier coaching should be provided when necessary to improve the supplier's overall capabilities.	Unqualified; the supplier's qualification status is revoked.

During the reporting period

in 2025, Grade A and B suppliers accounted for more than **90%** of the Company's supplier base, and the number of high-quality suppliers increased significantly.

In 2025, the consumer business group completed audits of **122** suppliers and provided coaching to more than **500** suppliers.

04 Supplier Exit Mechanism

In accordance with the Supplier Incentive and Exit Management Standards, the Company has established an orderly supplier exit mechanism, strengthened the risk assessment and control of exiting suppliers, and its involuntary.

The Company has also formulated the Administrative Measures for Supplier Blacklist Management and implemented supplier blacklist controls. Suppliers that, during due diligence, bidding, contract performance, warranty fulfillment, or other stages, are verified to have engaged in violations of laws and regulations, breaches of contract, integrity failures, disruption of order, or other conduct that causes losses to the Company are included in blacklist management, prohibited from receiving new purchase orders, and subject to business suspension.

● Integrity in Procurement

The Company routinely carries out integrity management and integrity education, and continues to foster a transparent and integrity-based trading environment and build a transparent and integrity-based supply chain.

Integrity education and training for procurement personnel

The Company continues to expand the scope of integrity education. In 2025, it conducted two rounds of full-coverage education for employees in procurement positions, centrally organized three integrity-themed film-viewing activities for all employees, and compiled a 30,000-word procurement integrity education reader covering 15 categories of procurement-related integrity laws and provisions, 15 integrity cases, and four categories with nine integrity measures.

Identification of supplier integrity risks

The Company routinely identifies supplier integrity risks. In 2025, it controlled 42 risk points in procurement activities and added two new control links relating to supplier admission and exit.

Supplier integrity surveys

In 2025, the Company issued 568 questionnaires to suppliers, received 139 responses, collected 10 management suggestions, and assigned them to the relevant responsible units for handling.

Supplier integrity supervision and handling

The Company collected and publicly released 10 issues of information through platform-based supervision channels, received two challenge-related issues and one complaint, and handled three supplier challenges.

The Company imposed disciplinary sanctions on 13 suppliers suspected of bribing Company employees and additionally recovered RMB 2.6 million.

Procurement job rotation and declaration of conflicts of interest

The Company implements a procurement job rotation mechanism. Procurement rotation has been digitized and includes cross-departmental rotation, while declarations of supplier-related conflicts of interest are also managed online. In 2025, the Company completed job rotation for 105 procurement personnel and completed 4,024 declarations of conflicts of interest.

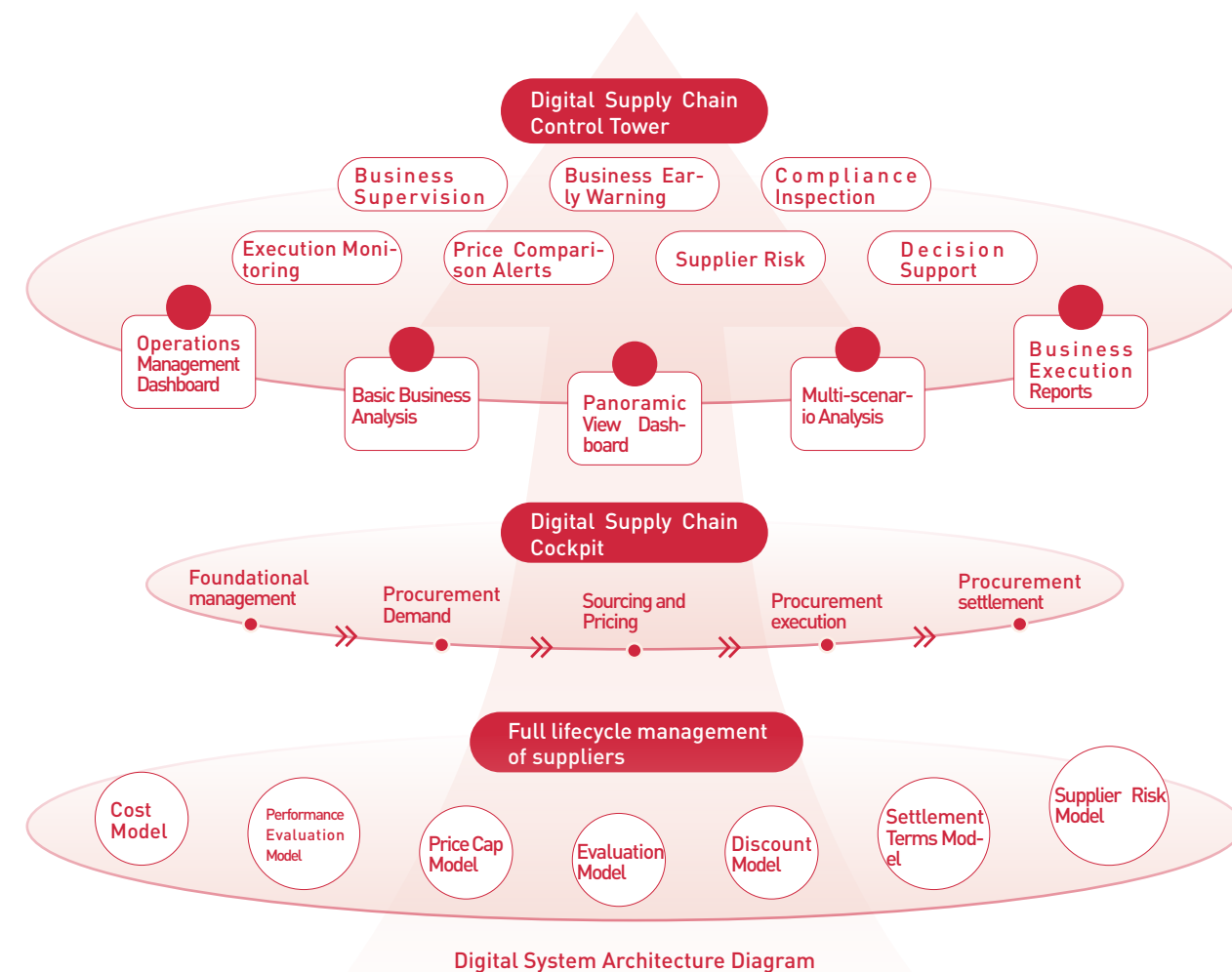
● Supply Chain Risk Management

The Company has standardized supplier risk management, enhanced overall supply chain capabilities, and safeguarded the security of supply resources. To this end, it formulated the Specifications for Supplier Risk Management, requiring each unit to establish supplier risk identification, assessment, and early warning mechanisms, routinely carry out supplier risk identification and assessment, investigate latent supplier risks, classify risk levels, and maintain a risk control ledger for its own unit. In the supplier risk management process, the PDCA cycle shall be followed to ensure comprehensive identification, accurate assessment, proactive response, and strong oversight, thereby forming a closed loop and enabling continuous improvement.

● Supply Chain Digitalization

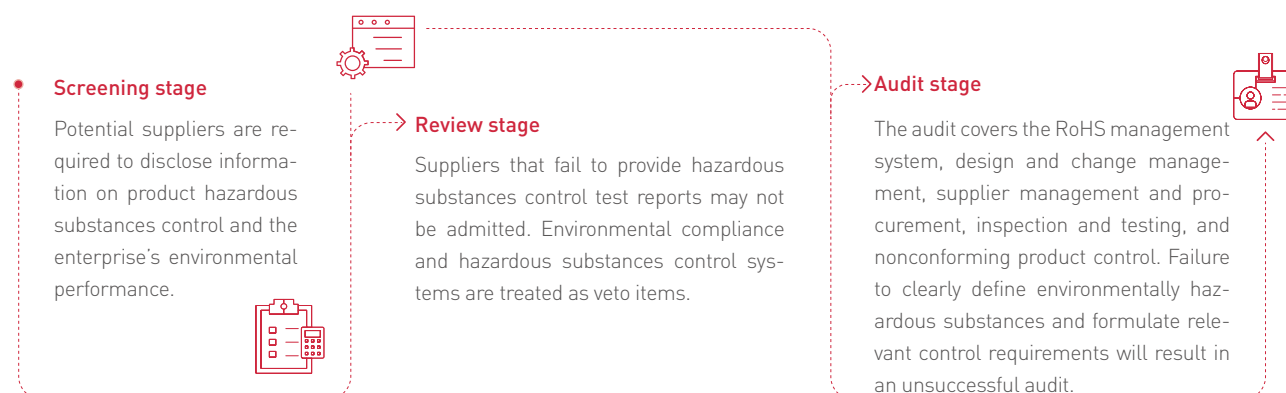
Based on a full lifecycle supplier management model and using the integration of digital and intelligent technologies as the means, the Company has built a smart supply chain system that enables end-to-end digitalized management covering resource demand and deployment, supplier sourcing and onboarding, cooperation and evaluation, and incentives and exit. The Company fully launched its online smart supply chain system in 2025. In 2025, all 110 procurement units across the Company fully applied all functional modules of the supplier management system.





Green Supply Chain

Focusing on benchmarking against industry requirements for green supply chain management, the Company has continuously advanced green supply chain development by establishing and improving supplier admission and control standards for the green supply chain, strengthening the implementation and communication of green supply chain control standards, and ensuring that the supply chain remains compliant, efficient, and sustainable, thereby achieving coordinated economic and environmental benefits.



Case: Sichuan Changhong Supports the Development of a Green Industry Ecosystem

In May 2025, the Sichuan Green Building Materials Industry Chain Supply and Demand Matchmaking Conference was convened. Sichuan Changhong, as one of the leading enterprises in the green building materials industry chain in Sichuan Province, was invited to attend. The Company delivered a keynote speech titled "Co-building a Green Ecosystem and Intelligently Creating a New Industrial Future" and officially launched its "Smart Home" product series at the conference. The successful convening of this conference established an efficient and pragmatic cooperation platform for upstream and downstream enterprises in the green building materials industry chain in Sichuan Province. It is of significant importance for building a more resilient and competitive green building materials industrial ecosystem and promoting the high-quality coordinated development of the construction and building materials industries.



Changhong's "Smart Home" product series was showcased at the Sichuan Green Building Materials Industry Chain Supply and Demand Matchmaking Conference.

Supply Chain Labor Management

The Company requires suppliers to sign the supplier corporate social responsibility agreement, which incorporates labor requirements—such as freely chosen employment, prohibition of child labor and protection of minors, working hours, compensation and benefits, humane treatment, and non-discrimination—into binding clauses. At the same time, in accordance with the specifications for supplier risk management, the Company conducts normalized management of supplier labor risks. Where violations of contractual requirements—such as excessive overtime—are identified during routine supervision, inspections, or audits, an early warning mechanism is activated, requiring suppliers to complete rectification within a specified timeframe, with follow-up tracking until full correction is achieved. Where serious forced labor is confirmed, cooperation is immediately terminated, the supplier is included in the Company's supplier blacklist, and a company-wide notification is issued. The Company adheres to comprehensive identification, accurate assessment, proactive response, and robust supervision, forming a closed-loop management process with continuous improvement.

Supply Chain Training and Engagement

To promote the integration of ESG concepts into industrial chain, supply chain, and value chain management, the Company actively encourages suppliers to jointly fulfill responsibilities and build an ESG ecosystem. In 2025, the Company actively participated in promoting the development of the China Supplier ESG Rating Platform, organizing nearly 30 suppliers to join the platform and participate in ESG ratings. The Company was also awarded the title of "China Supply Chain ESG Management Demonstration Enterprise".

Supplier coaching and training

Through technical and quality improvement training as well as on-site coaching, the Company has provided nearly 7,000 targeted capability enhancement initiatives to nearly 1,000 suppliers over the past three years, further upgrading the overall capability of the supply chain.



Case: Changhong Global Core Supply Chain Partners Summit 2025

In April 2025, the Company hosted the “2025 Changhong Global Core Supply Chain Partners Summit”. At the summit, systematic training was provided to 130 participating suppliers on key supplier-related aspects of the Company’s quality management system, including fundamental principles, core policies, management standards, administrative measures, and implementation guidelines.



Supplier engagement and empowerment

The Company actively engages with suppliers on a range of topics, including ESG, to continuously strengthen their capabilities and support their development while fostering collaborative growth.



Case: Sichuan Changhong Participates in Initiating an ESG Rating Platform

As one of the first initiating members of the China Supplier ESG Rating Platform, Sichuan Changhong leverages its role as a leading enterprise in the industrial chain to demonstrate leadership and promote best practices. The Company has encouraged suppliers to establish and improve ESG governance systems, invited and organized nearly 30 suppliers to join the platform and participate in ESG ratings, helping suppliers identify their ESG strengths and weaknesses, improve ESG performance in a targeted manner, and enhance their competitiveness in international markets.



Development of Supplier ESG Standards

In 2025, the Company participated in the formulation of two ESG standards: *Guidelines for Supplier ESG Evaluation* and *ESG Management Requirements for Corporate Supply Chains*. These efforts help enterprises mitigate international trade barriers, improve ESG governance effectiveness, and fill gaps in domestic standards for supply chain ESG management.

Standard Name	Date of Issuance	Standard Category	Lead Institution
Guidelines for Supplier ESG Evaluation [T/CERDS 17-2025]	July 18, 2025	National Association Standard	China Enterprise Reform and Development Society
ESG Management Requirements for Corporate Supply Chains	October 24, 2025	National Association Standard	China Enterprise Reform and Development Society

Metrics and targets

The Company actively responds to the green transformation of the supply chain and has incorporated “promoting collaborative carbon reduction among upstream and downstream partners” into its 2021–2030 strategic plan. The Company has clearly stipulated that by 2030, 100% of supplier admission processes will embed social responsibility commitment mechanisms. As of the end of the reporting period, the consumer business group has achieved full coverage of supplier social responsibility commitments.

Indicators	Targets for 2025	Progress in Reporting Period	2025 Performance
Supplier ESG control rate	100%	100%	Completed
Establish a normalized supplier risk management mechanism and provide early warnings for procurement risks	100%	100%	Completed
Completion rate of supplier supervision and audits for the consumer business group	100%	100%	Completed
On-time completion of supplier performance evaluations for the consumer business group	100%	100%	Completed
Completeness of technical, quality, and other agreements for suppliers under the consumer business group	98%	98.2%	Completed

Responsible Sourcing of Conflict Minerals

In the normative appendix template for supplier corporate social responsibility agreement under the *Supplier Agreement Management Policy*, The Company requires suppliers to commit to avoiding the use of conflict minerals. Suppliers shall ensure that all metals used in or contained in the products and their packaging delivered to the Company are not sourced from the Democratic Republic of the Congo (DRC) or its adjoining countries, or from areas within these countries controlled by armed groups. At the same time, suppliers are required to strengthen supply chain management by establishing relevant management systems and procedures to effectively identify and trace the origin of raw materials, ensure the legality of sourcing, and prevent the use of conflict minerals.

Equal Treatment of SMEs

The Company has formulated *the Basic Management System for Procurement of Materials and Services and the Basic Supplier Management System*, which explicitly require that procurement activities and supplier selection, onboarding, business execution, and evaluation adhere to the principles of openness, fairness, impartiality and integrity the “Four Principles”, ensuring equal treatment of all enterprises. During the reporting period, the Company maintained a 100% on-time payment rate for supplier payments, with zero overdue payments. The Company has maintained “zero” adverse credit records in authoritative regulatory systems such as the National Enterprise Credit Information Publicity System.

Promoting Industrial Synergy and Co-creation

Driven by technological innovation and ecosystem collaboration, Sichuan Changhong actively promotes high-quality and sustainable development across the industry.

In January 2025

The Company showcased the world’s first AI TV, AI refrigerator, AI air conditioner, and AI smart home solutions at the Consumer Electronics Show (CES) in Las Vegas, USA.



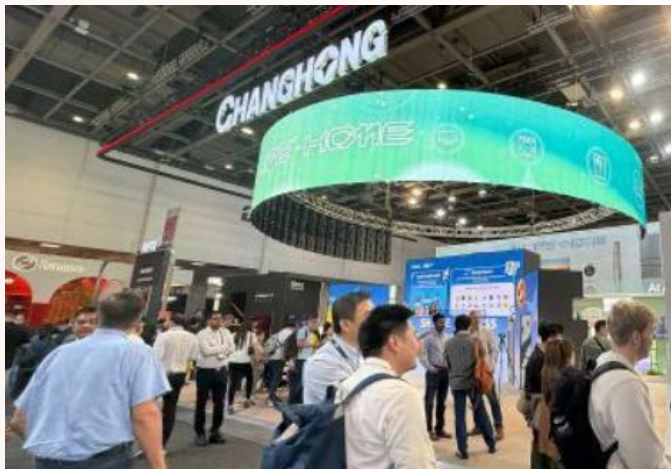
In March 2025

The Company participated in the Appliance & Electronics World Expo (AWE) in China, where it launched its first “healing-oriented” AI TV and PRO shared air conditioning solution for integrated living and dining spaces, combining home appliances with AI to empower smart living.



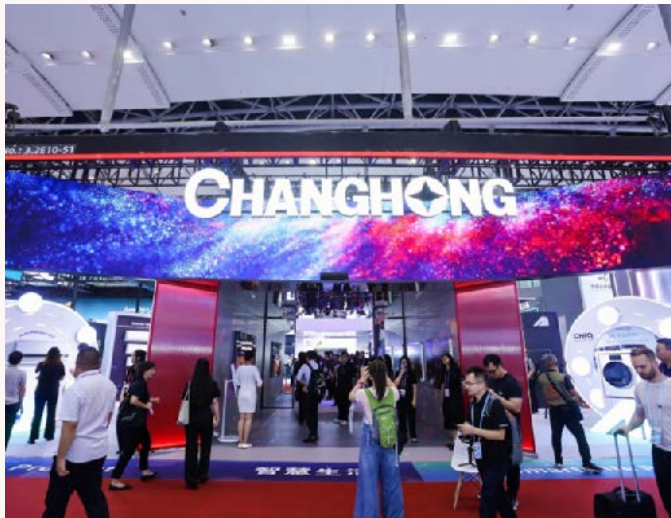
In September 2025

The Company made the global debut of its panda-themed home appliances at the IFA (International Consumer Electronics Show) in Berlin, Germany. By integrating the cultural symbol of the giant panda with cutting-edge AI technology, the Company transforms AI-powered home appliances into cultural ambassadors that convey the charm of Chinese culture to the world.



In October 2025

The Company participated in the 138th China Import and Export Fair (Canton Fair), presenting a full range of AI home appliances—including AI TVs, AI air conditioners, AI refrigerators, and AI washer-dryer sets. These products demonstrate a smarter, more comfortable, and more sustainable lifestyle for global consumers.



Supporting All-around Rural Revitalization

During the reporting period, Sichuan Changhong strictly implemented the objectives and requirements set forth in policy frameworks such as the Work Plan for Foundational Assistance to Promote Revitalization and Development of Less-developed Regions and the Work Plan (2024–2027) for Foundational Assistance to Promote Revitalization and Development of Less-developed Regions. Focusing on areas including industrial upgrading, talent cultivation, cultural development, organizational strengthening, and consumption-based assistance, the Company supported less-developed regions in advancing toward sustainable development and comprehensively contributed to rural revitalization in assisted areas.

Rural Revitalization Working Mechanism

The Company established a rural revitalization assistance leading group headed by the chairman of the board, formed a coordinated support mechanism featuring centralized corporate decision-making, implementation led by the labor union, and coordinated advancement by industrial units. At the same time, the Company formulated and implemented a series of assistance plans and programs, clearly defining assistance objectives, pathways, and measures. Allocate special funds annually to support assistance projects, and regularly dispatch company employees to carry out on-site village assistance work.

Rural Revitalization Initiatives

Industrial assistance

RMB 2.7 million was donated for the introduction of high-quality breeding livestock, promoting the upgrading of the yak industry and supporting breed improvement.

Educational assistance

The Company donated RMB 1 million to an education fund in key rural revitalization assistance areas to support the “One Village, One Preschool” initiative and strengthen the teaching workforce in compulsory education. In addition, the Company invested RMB 1.4878 million to organize four “Seven-Colored Changhong” winter and summer camps for teachers and students, involving a total of 262 participants. The camps were held in cities including Mianyang, Chengdu, and Beijing, aiming to enhance patriotism education.

Cultural assistance

RMB 1 million was donated for the construction of educational and awareness bases, fostering cultural branding and practice platforms, and promoting the development of cultural and tourism industries in remote and high-altitude areas of Sichuan Province.

Organizational assistance

Through paired cooperation initiatives, RMB 186,000 was invested to organize 40 grassroots reserve talents from remote and high-altitude areas and 40 village-level backbone personnel from Pingwu County to participate in study and exchange programs in Mianyang. Training was conducted through theoretical instruction, on-site visits, and seminars, covering topics such as village cadre performance, digital village development, smart agriculture, and rural tourism.

Consumption-based assistance

The Company fully leveraged its online platform “Hongchuang Youpin” to strengthen promotion and marketing efforts. Offline channels, including the labor union system platform and free direct-sale stores for agricultural specialty products in assisted areas, were used to support product sales. A total of RMB 11.601 million was spent on purchasing local agricultural and livestock products, such as tea, yak meat, and cured meat products. These efforts helped expand and upgrade local agricultural and pastoral enterprises and benefited 6,633 local residents.

081 Electronics Group

Focusing on the development needs of Qingsong Village in Shima Town, Mianyang, Sichuan Province, the Group provided assistance materials valued at over RMB 24,000, distributed fertilizers to support spring farming, and carried out Spring Festival consolation activities. It also invested RMB 10,000 in the renovation of public toilets to improve the living environment. In addition, it facilitated transportation subsidies totaling RMB 151,800 for 174 individuals from formerly impoverished households seeking employment across regions, helping to stabilize income growth.

Changhong Real Estate

The Company continued to contribute to rural development and employment support. First, in terms of consumption-based assistance, it purchased and helped sell nearly RMB 60,000 worth of agricultural and sideline products from designated assistance regions in 2025, and provided venues for product sales, supporting rural revitalization. Second, in terms of employment assistance, it offered targeted job opportunities for individuals from Wenchuan and Maoxian County in Sichuan Province, successfully employing two local residents in stable positions, thereby contributing to local livelihood improvement.

Changhong Kuaiyidian

In supporting the development of rural specialty industries, the Company organized technical personnel to provide volunteer services based on local needs. A total of more than 30 electrical devices for village committees and residents were repaired, ensuring the proper functioning of relevant facilities and providing technical support for the promotion and operation of local specialty industries. In addition, through specialized training on digital office skills, covering more than 20 village representatives, the Company effectively enhanced grassroots digital application capabilities, laying a foundation for cultivating local talent and enhancing employability skills.

Case: Smart Agriculture

Changhong Hongxin has made breakthroughs in crop model-based irrigation technology. By leveraging dynamic data collection algorithms and crop growth stage-specific models, it generates irrigation solutions that achieve water and fertilizer savings, thereby strengthening the foundation for strategic product development. Crop Model-based Irrigation Technology—Using a self-developed “dynamic crop environmental data collection algorithm”, the system calculates field water evaporation and establishes models for water and fertilizer requirements across different crop growth stages. This enables a closed-loop process of “data collection – data analysis – irrigation execution”, generating dynamic irrigation solutions. The technology achieves an average water-saving rate of 30% per mu and a fertilizer-saving rate of 25%.





Case: Supporting Talent Revitalization

In six assisted villages in Pingwu County, the Company awarded scholarships to 23 students admitted to higher-level educational institutions, encouraging them to pursue academic excellence, serve as role models, and contribute to their hometowns, society, and the nation in the future, thereby injecting new vitality into rural revitalization.



Scholarship awards were granted to 23 students in Pingwu County.



Case: Promoting Industrial Development

The Company conducted field visits to the Xinqiao vegetable base, the golden cypress and coptis chinensis industry, the Ronghua Village small chili pepper base, and local homestay industries. The Company also carried out in-depth research in Jiaozishan Village, Bazi Village, Huazui Village, and Libao Village, assessing the current status and future plans of collective economic development, and provided guidance and recommendations for industrial development in each village.



Actively Fulfilling Social Responsibilities

Sichuan Changhong consistently integrates the fulfillment of social responsibilities into its corporate development strategy, focusing on community services and public welfare initiatives, and contributing positively to sustainable economic and social development.

Public Welfare and Volunteer Services

In 2025, the Company and its subsidiaries actively engaged in public welfare initiatives. Through activities such as voluntary blood donation, care for the elderly and children, and afforestation, the Company demonstrated its commitment to corporate social responsibility.

Public Welfare Blood Donation

The Company actively participated in voluntary blood donation campaigns, conveying hope for life through a "relay of compassion".



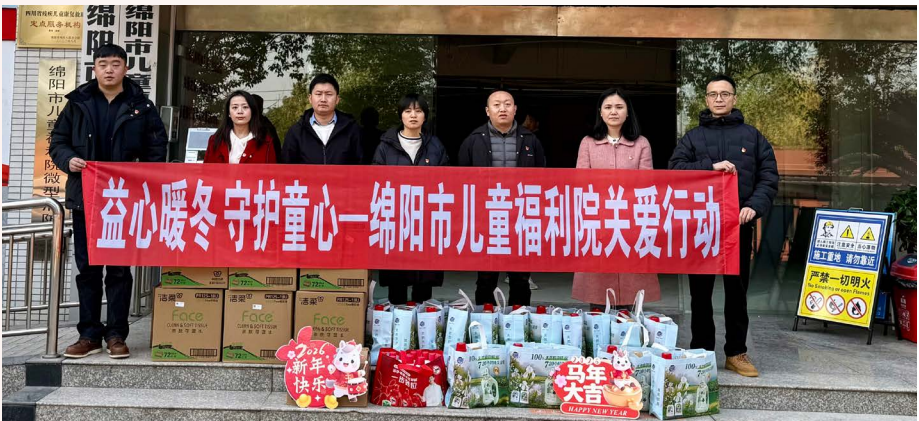
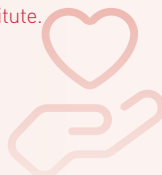
Volunteer Services

The Company organized volunteer activities at the Mianyang Social Welfare Institute, carrying out a themed initiative titled "Respecting the Elderly on the Double Ninth Festival and Spreading Warmth in the Golden Autumn", delivering care and support to elderly residents.



Child Care

Sichuan Kuaiyidian organized a themed Party Day activity titled “Warm Hearts in Winter, Protecting Childhood” at the Mianyang Children’s Welfare Institute.



◆ Participation in Community Co-development

The Group takes a proactive approach to partnering with the community, fostering a collaborative development model that builds a harmonious, supportive, and thriving community ecosystem, and contributes to improving residents’ quality of life and promoting community prosperity.

Enhance Community Convenience

In 2025, Changhong Air Conditioner collaborated with the Huigong supply and marketing cooperative in Fugong Township, Fucheng District, Mianyang, to develop the “Mianxiaogong” fresh produce retail project. Leveraging an “Internet + grocery basket” model and adopting a supply chain approach of “direct sourcing from surrounding production areas + warehousing and packaging + daily distribution”, the project provides employees and nearby residents with 24-hour smart and convenient retail services, enhancing community accessibility and convenience.



Improve the Community Environment

In 2025, the Company’s general management department carried out a public welfare activity in Jiangyou City under the theme “Learn from Lei Feng, Promote New Values, Protect Green Mountains, and Build a Clean Environment through Civilized Action”. The initiative contributed to local environmental protection efforts, creating a more comfortable and greener environment for both residents and visitors.



Outlook

Looking ahead, Sichuan Changhong will remain committed to its mission of "Technology-driven Changhong, Creating a Better Life". With high-quality development as its core focus, we will continue to promote industrial structure optimization and enhance operational quality and efficiency. We will comprehensively embed ESG principles into its corporate strategy and daily operations, working together with employees, customers, partners, and all sectors of society to address challenges, seize opportunities, and steadily advance toward becoming a world-class enterprise, contributing to sustainable social development.

We will continue to drive innovation and global expansion, strengthening technological leadership and brand upgrading. We will increase investment in R&D, focusing on frontier technologies such as artificial intelligence, the Internet of Things, and big data, to build a more competitive smart home ecosystem and effectively address user needs through technological innovation. At the same time, we will deepen its global presence, enhance brand development through innovative marketing and quality improvement, actively respond to the national policy on the replacement of old appliances with new ones, and promote the dual upgrading of industry and consumption.

Guided by green transformation and low-carbon operations, we will actively address climate change and fulfill its environmental responsibilities. Centered on our carbon neutrality strategy, we will continue to advance energy conservation and carbon reduction, green manufacturing, and clean energy utilization, accelerate the development of green factories and zero-carbon factories, and systematically implement carbon footprint management. Through digitalized energy and carbon management and the introduction of new technologies, we will reduce carbon emission intensity and promote harmonious coexistence between its operations and the ecological environment.

With talent development and responsibility as the foundation, we will continue to build a harmonious and mutually reinforcing internal ecosystem and social connection. We will further improve our compensation and benefits system and talent development framework, enhance talent mobility and training mechanisms, and safeguard employee rights and career development. At the same time, adhering to a customer-centric approach, we will strengthen product quality supervision and enhance service experience, actively engage in public welfare and community development, and effectively fulfill our responsibilities as a corporate citizen.

With sound governance and robust risk control as the safeguard, we will continue to consolidate a compliant and resilient operational foundation. We will further optimize our governance structure, enhance the functions of the Board of Directors and specialized committees, and improve the ESG management system and information disclosure. We will comprehensively advance the development of our compliance and risk management system, strengthen intellectual property protection and legal risk prevention and control, and reinforce internal control, audit, and supervision mechanisms to ensure steady and sustainable development within a framework governed by the rule of law.

We firmly believe that, guided by a clear strategy, supported by a robust execution system, and driven by the collective efforts of all Changhong employees, we will continue to achieve new breakthroughs on the sustainable development journey, create value for stakeholders, and contribute to a better and greener future.



CHANGHONG 长虹

Appendix

Key Performance Indicators — Environmental Dimension⁴

Response to Climate Change

Indicator Name	Unit	2023	2024	2025
Total Greenhouse Gas Emissions	tCO ₂ e	235,000.70	260,098.03	264,252.95
Scope 1 Greenhouse Gas Emissions ⁵	tCO ₂ e	33,649.31	43,190.73	46,424.36
Scope 2 Greenhouse Gas Emissions ⁶	tCO ₂ e	201,351.39	216,907.31	217,828.59
Greenhouse gas emission intensity	Kg CO ₂ e / RMB 10,000 output value	43.21	39.77	38.36
Greenhouse Gas Emissions per RMB 1,000,000 Revenue	tCO ₂ e/ RMB 1,000,000 revenue	2.41	2.51	2.44
Greenhouse Gas Emissions Reductions ⁷	tCO ₂ e	—	—	68,851.39

Energy Utilization

Indicator Name		Unit	2023	2024	2025
Total Energy Consumption		tce	81,424.86	97,806.51	102,882.90
Comprehensive Energy Consumption per RMB 1,000,000 Output Value		tce / RMB 1,000,000	1.50	1.50	1.49
Classification by Energy Type	Petrol Consumption	ton	144.89	144.33	154.22
	Diesel oil Consumption	ton	548.81	541.93	431.67

4. In 2025, the reporting boundary for Greenhouse Gas Emissions, total energy consumption, water consumption, pollutants, and waste covered all domestic production units, including Sichuan Changhong Battery, 081 Electronics Group, Sichuan Changhong Mold and Plastic Tech, Changhong NeoNetTechnologies, Changhong China Smart Display, Sichuan Changhong Packing & Printing, Sichuan Changhong Precision Electronics Technology, Sichuan Changhong Component Technology, Changhong Air Conditioner, Changhong Meiling, Changhong Jijia Precision Industry, Changhong Huayi, Guangdong Changhong Electronics, and Zhongshan Changhong Electronics. The reporting boundary for 2024 and prior years is presented in the ESG reports of the respective years.

5. Scope 1 Greenhouse Gas Emissions are measured in accordance with the Greenhouse Gas Protocol A Corporate Accounting And Reporting Standard (2004) and primarily result from the consumption of diesel, gasoline, and natural gas during production processes.

6. Scope 2 Greenhouse Gas Emissions are calculated on a location-based approach in accordance with the Greenhouse Gas Protocol A Corporate Accounting And Reporting Standard (2004) and include purchased electricity and heat. Carbon emission factors are derived from the Electricity Carbon Dioxide Emission Factors 2023 released by the Ministry of Ecology and Environment and the National Bureau of Statistics on December 31, 2025. When calculating carbon emissions from purchased electricity for production units in different provinces, the corresponding provincial grid emission factors are applied.

7. Greenhouse gas emission reductions represent the avoided carbon emissions attributable to the use of green electricity and self-generated photovoltaic power.

Indicator Name		Unit	2023	2024	2025
Classification by Energy Type	Natural gas Consumption	10,000 m ³	1,588.27	1,817.02	2,061.73
	Total Purchased Electricity Consumption	10,000 kWh	44,163.69	54,969.58	59,964.58
	Total Purchased Steam Consumption	GJ	125,233.80	119,222.50	165,636.48
Total Clean Energy Consumption		10,000 kWh	—	—	12,549.37
Classification by Type	Green Electricity Consumption within Purchased Electricity	10,000 kWh	—	—	12,111.78
	Self-generated solar power usage	10,000 kWh	600.38	824.00	437.59

Water Resource Utilization⁸

Indicator Name		Unit	2023	2024	2025
Total Water Withdrawal		ton	12,170,084.11	14,292,610.12	20,899,741.16
Classification by Source	Purchased Fresh Water	ton	—	2,925,742.51	3,773,404.16
	Circulating Water Usage	ton	—	11,366,867.61	17,126,337.00
Total Water Consumption		ton	11,175,127.32	13,121,057.95	19,736,326.68
Water consumption intensity ⁹		t / RMB 1,000,000 output value	2.05	2.01	2.87

Environmental Compliance Management

Indicator Name	Unit	2023	2024	2025
Total Environmental Protection Investment	RMB 10,000	4,335.66	6,057.63	4,333.62
Proportion of Environmental Protection Investment to Operating Revenue	%	0.044	0.058	0.040
Total Number of Participants in Environmental Training	person-times	25,142	27,848	33,758
Amount of fines for major administrative penalties or criminal liabilities imposed by ecological and environmental authorities due to environmental incidents	RMB	0	0	0

8. Due to updates in the methodologies for calculating certain indicators, the data for 2023 and 2024 have been correspondingly restated.

9. In addition, as a result of the expansion of the reporting boundary, water consumption intensity increased in 2025.

Pollutant emissions

Indicator Name		Unit	2023	2024	2025
Air Pollutants					
Exhaust Gas Emissions		10,000 m³	566,403.78	801,630.38	692,927.94
Volatile Organic Compounds (VOCs)		Kg	162,603.85	196,913.39	198,202.34
Nitrogen Oxides (NO _x)		Kg	11,790.19	10,451.57	12,763.57
Sulfur Dioxide (SO ₂)		Kg	5,042.82	2,832.23	4,021.71
Particulate Matter		Kg	9,608.32	8,335.48	9,379.05
Water Pollutants					
Industrial Wastewater Discharge		ton	994,956.79	1,171,552.17	1,163,414.48
Chemical Oxygen Demand (COD)		Kg	37,723.4	49,959.08	37,412.96
Ammonia Nitrogen		Kg	4,347.34	2,009.31	3,230.27
Total Phosphorus		Kg	268.32	311.20	294.74
Total Nitrogen		Kg	11,075.55	11,216.47	10,631.49

Waste disposal

Indicator Name		Unit	2023	2024	2025
Total Waste Generated		ton	103,003.71	131,276.79	120,721.12
Classification by Waste Type	Hazardous Waste Generated (Hazardous Waste)	ton	4,163.22	4,343.82	4,501.49
	General Industrial Solid Waste Generated (Non-hazardous Waste)	ton	98,840.49	126,932.97	116,219.63

Indicator Name		Unit	2023	2024	2025
Hazardous Waste Generated		t/RMB 10,000 output value	0.08	0.07	0.07
General Industrial Solid Waste Discharge per RMB 1,000,000 Output Value		t/RMB 10,000 output value	1.82	1.94	1.69
Hazardous Waste Discharge per RMB 1,000,000 Revenue		t / RMB 1,000,000 revenue	0.045	0.04	0.04
General Industrial Solid Waste Discharge per RMB 1,000,000 Revenue		t / RMB 1,000,000 revenue	1.07	1.22	1.07
Electronic Waste Generated		ton	1,329.94	1,638.53	1,551.02
Electronic Waste Recycled		ton	1,329.94	1,638.53	1,551.02
Electronic Waste Recycling Rate		%	100	100	100

Circular Economy and Recycling

Indicator Name		Unit	2023	2024	2025
Total Waste Recycled and Reused		ton	100,507.29	127,197.55	118,140.88
Proportion of Waste Recycled and Reused		%	96.3	97	96.6

Key Performance Indicators — Social Dimension

Employee

Indicator Name		Unit	2023	2024	2025
Total number of employees		Person	45,443	45,376	46,886
Classification by Gender	Male	Person	26,142	25,934	28,139

Indicator Name		Unit	2023	2024	2025
Classification by Gender	Female	Person	19,301	19,442	18,747
Classification by Age Group	Employees aged 29 and below	Person	8,515	9,648	10,788
	Employees aged 30–39	Person	12,332	12,292	12,689
	Employees aged 40–49	Person	14,291	13,993	14,692
	Employees aged 50–54	Person	6,713	6,205	5,807
	Employees aged 55 and above	Person	3,592	3,238	2,910
Classification by Nationality	Chinese nationals	Person	44,617	44,194	45,712
	Foreign nationals	Person	826	1,182	1,174
Labor contract signing rate		%	100	100	100
Social insurance coverage rate		%	100	100	100
Proportion of female managers		%	15.66	14.24	13.72
Localization rate of overseas employees		%	96.61	97.46	89.90
Employee Turnover Rate ¹⁰		%	—	—	4
Number of Employee Training Sessions		Time	—	230,000	278,000
Employee Training Expenditure		RMB 10,000	—	—	2,800
Employee Training Coverage Rate		%	—	100	100
Number of Employees Receiving Assistance for Hardship		Person	—	36	27
Employee Satisfaction		%	—	—	96

10. The employee turnover rate is calculated based on the Company’ s headquarters-level functional departments (including the Company’ s Energy and Utilities Operation Center).

Occupational Health and Safety

Indicator Name	Unit	2023	2024	2025
Number of Occupational Disease Cases	Person	0	0	0
Incidence rate of occupational diseases	%	0	0	0
Occupational Health Training	person-times	26,378	27,707	45,648
Training for occupational health management personnel	person-times	196	242	94
Occupational health examination rate for employees in hazard-exposed positions	%	100	100	100
Compliance rate of occupational disease hazard factor testing	%	100	100	100
Pre-job safety training pass rate for newly recruited, transferred, and reinstated employees	%	100	100	100
Occupational health surveillance compliance rate	%	100	100	100
Investment in work safety	RMB 10,000	1,078	1,484	6,696.3
Work safety training for on-duty personnel	person-times	45,771	85,154	148,682
Production safety accidents resulting in fatalities	Time	0	0	0
Number of employee fatalities due to work-related incidents	Person	0	0	0
Physical examination coverage rate	%	100	100	100
Number of identified safety hazards	Nos.	8,605	11,372	14,017
Rectification Completed	Nos.	8,459	11,372	13,790

Supply Chain Security

Indicator Name	Unit	2023	2024	2025
Total number of suppliers	suppliers	5,792	6,854	6,155
Domestic supplier percentage	%	99.83	99.42	99.12
Localized domestic supplier percentage	%	63.51	63.72	40.58
Percentage of domestic supplier purchase amount to total supplier purchase amount	%	66.83	57.79	58.09
Proportion of Sustainably Certified Suppliers	%	—	—	91.00

Social Contribution and Rural Revitalization

Indicator Name	Unit	2023	2024	2025
Investment in Rural Revitalization	RMB 10,000	-	1,051.00	1,796.18
Beneficiaries	person-times	-	6,106	68,230
External donation amount	RMB 10,000	-	442.20	200.00
Number of donation beneficiaries	person-times	-	-	66,254

Innovation-Driven Development

Indicator Name	Unit	2023	2024	2025
R&D investment	RMB 10,000	249,048.16	260,148.57	270,445.78
Proportion of R&D investment in operating revenue	%	2.56	2.51	2.49
Authorized patents	Number	842	843	831
Authorized invention	Number	342	324	240
New patent applications	Number	1,268	1,322	1,455

Product and Service Quality and Safety

Indicator Name	Unit	2023	2024	2025
Product recall incidents	Time	0	0	0
Major product quality and safety incidents	Time	0	0	0
Customer satisfaction rate	%	99.20	99.11	99.37
Customer complaint rate	%	0.19	0.19	0.15
Customer Complaint Resolution Rate	%	100	100	100

ESG Data Table — Governance Dimension

Corporate Governance

Indicator Name		Unit	2023	2024	2025
Number of Directors		Person	9	9	9
Classification by Age Group	Aged over 50	Person	5	5	5
	Aged 30 to 50		4	4	4
	Aged under 30		0	0	0
Classification by Gender	Male	Person	8	9	9
	Female		1	0	0

Indicator Name	Unit	2023	2024	2025
Independent director	Person	3	3	3
Number of General Meetings of Shareholders Held	Time	3	2	3
Number of Board of Directors Meetings Held	Time	19	18	23
Number of Nomination Committee Meetings Held	Time	3	—	1
Number of meetings held by the Remuneration and Appraisal Committee	Time	3	3	2
Number of meetings held by the Strategy Committee	Time	—	1	1
Number of meetings held by the Audit Committee	Time	10	6	6
Number of meetings held by the ESG Management Committee	Time	1	3	2

Anti-Commercial Bribery and Anti-Corruption

Indicator Name	Unit	2023	2024	2025
Total Number and Percentage of Directors Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number and Percentage of Management Personnel Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number and Percentage of Employees Receiving Anti-bribery and Anti-corruption Training	%	100	100	100

Anti-Unfair Competition

Indicator Name	Unit	2023	2024	2025
Unfair Competition	Time	0	0	0
Amount Involved in Litigation or Major Administrative Penalties Arising from Unfair Competition	RMB	0	0	0

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