

CHANGHONG 长虹

2023 ESG Report

Sichuan Changhong Electric Co., Ltd.

Stock Code: 600839



About ESG Report

Introduction to the Report	01
Scope	01
Preparation Basis	01
Content Source and Reliability Assurance	01
Disclaimer	01
Acquisition Method	01
Short Name Description	02
	03

Chairman's Message

Board of Directors Statement

04

01 About Sichuan Changhong

Corporate Profile	05
Development Course	07
Corporate Culture	08
Corporate Honors	09
Operating Performance in 2023	11

02 ESG Management Strategy

ESG management system	12
Identification of Key Topics	13
2023 ESG Key Performance	15

03 Changhong Rises as a Well-managed Business

Build Sustainable Governance System	19
Strengthen Compliance Risk Control	24
Conduct Internal Audit	27
Ensure Clean and Honest Administration	28
Encourage Fair Competition	30
Standardize Information Disclosure	31
Benefit Stakeholders	31

04 Changhong Creates a Green Future

Improve Environmental Protection System	35
Seek Revenue Increase and Expenditure Reduction	36
Enhance Pollution Prevention and Control	39
Address Climate Change	44
Display Green Environmental Protection Achievements	47
Identify Environmental Risks and Opportunities	51
Preserve Biodiversity	52
Avoid Environmental Violation	52

05 Tech Changhong Creates a Better Life

Protect Employee Rights and Safety	55
Create Transparent Supply Chain	61
Ensure Product Safety and Service Quality	65
Accelerate Innovation-led Development	69
Boost Rural Revitalization	77
Improve Social Welfare	79
Protect Information Security	81
Promote Marketing and Publicity	83
Advance BRI Development	85

Indicator Index

89

Feedback Form

94

CONTENTS

About ESG Report

Introduction

Sichuan Changhong Electric Co., Ltd. (hereinafter referred to as "Sichuan Changhong" or "the Company") has prepared this report under the principle of openness and transparency. It aims to fully display the actual performance, risks and opportunities of Sichuan Changhong and its subsidiaries (collectively referred to as "the Group") in social responsibility and sustainable development to shareholders, potential investors, customers, employees, public welfare organizations, media, governments and other sectors of society. This report is collected and collated by the ESG Management Office of the Company. It details the progress and results of the Group's ESG work in 2023 and ensures that all sectors of society can objectively and comprehensively understand the actual actions of the Company in environmental, social and governance (ESG). This report has been strictly reviewed by the Board of Directors of the Company to ensure the authenticity and completeness of its contents.

Scope

Since 2010, Sichuan Changhong has prepared and published corporate social responsibility reports every year. This ESG report covers the period from January 1 to December 31, 2023, with parts covering longer periods depending on circumstances. Unless otherwise stated, this report covers Sichuan Changhong and its subsidiaries (collectively referred to as "the Group").

Preparation Basis

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

Content Source and Reliability Assurance

The text materials, data and cases cited in this report are all from the Company's internal statistical data, relevant documents and management systems, which are all original records of the actual operation of the Group. All information has been strictly reviewed within the Company and finally approved by the management, ESG Management Committee and Board of Directors. The Company regularly verifies the effectiveness of the data collection process and data management system to ensure the accuracy and reliability of the 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 report contents.

Disclaimer

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

Acquisition Method

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

Short Name Description

Short name	Full name
Company, the Company, and Sichuan Changhong	Sichuan Changhong Electric Co., Ltd.
The Group	The Company and its subsidiaries
Guangdong Changhong Electronics	Guangdong Changhong Electronics Co., Ltd.
Changhong Air Conditioner	Sichuan Changhong Air Conditioner Co., Ltd.
Sichuan Changhong Package Printing	Sichuan Changhong Package Printing Co., Ltd.
Sichuan Changhong NeoNet Technologies	Sichuan Changhong NeoNet Technologies Co., Ltd.
Sichuan ChangHong mold and plastic tech	Sichuan ChangHong mold and plastic tech Co., Ltd.
Sichuan Changhong Component Technology	Sichuan Changhong Component Technology Co., Ltd.
Sichuan Changhong Precision Electronics Tech	Sichuan Changhong Precision Electronics Tech Co., Ltd.
081 Electronics Group	081 Electronics Group Co., Ltd.
Sichuan Changhong Jijia Fine	Sichuan Changhong Jijia Fine Co., Ltd.
Sichuan Changhong Battery	Sichuan ChangHong mold and plastic tech Co., Ltd.
Zhongshan Changhong Electric	Zhongshan Changhong Electric Co., Ltd.
Changhong Meiling	Changhong Meiling Co., Ltd.
Changhong Huayi Compressor	Changhong Huayi Compressor Co., Ltd.
Changhong Jiahua	Changhong Jiahua Holdings Limited
Zhongke Meiling Cryogenics	Zhongke Meiling Cryogenics Co., Ltd.
Sichuan Hongxin Software	Sichuan Hongxin Software Co., Ltd.
Changhong Minsheng Logistics	Sichuan Changhong Minsheng Logistics Co., Ltd.

Chairman's Message

For Sichuan Changhong, the year 2023 has been marked by challenges, opportunities, struggles, and achievements. In the past year, we have been a part of the national efforts to modernize the industrial system. We have proactively responded to the call for new industrialization and the development of new productive forces, made all-out efforts to stimulate the construction of the Chengdu-Chongqing economic circle, and led the high-quality development closely aligning with the new round of technological revolution. In the face of the challenges posed by our era and the dynamic changes in the market, Changhong has remained steadfast and composed, responding proactively to various risks and challenges.

We are deeply aware that the long-term development of a company depends on a profound understanding and active fulfillment of environmental, social, and governance responsibilities. Therefore, we have ingrained a sense of responsibility deeply into our corporate culture, committed to giving back to society through innovative products and exceptional services. We have fostered consensus on green development, driven technological innovation, and collaborated with stakeholders to create a better and greener life together.

In Changhong, we adhere to the mission of "Technology-empowered Changhong Creates a Better Life" and take Customer-Centricity as our guiding principle. For sustainable growth, we consider building core competitiveness as the foundation, cultivating internal capabilities as a management strategy, and improving external skills as a way for further development. With the determination, ambition, and courage to strive for world-class excellence, we have pushed forward reform drastically, forged ahead with agility, constantly boosted enterprise morale, and rejuvenated with new vitality.

Green development is a crucial facet for enterprise to achieve high-quality growth while practicing social responsibility is a necessary path for sustainable development. We are convinced that together with all employees, users, shareholders, and partners, we can set foot on a healthy and sustainable development path. Along this journey, we will sustain our efforts in the industry and make sci-tech innovations, contributing to social prosperity and progress.

In 2023, Sichuan Changhong, as the "golden business card" of the electronic information manufacturing industry, incorporated a sense of responsibility into the whole process of business development, actively fulfilled its corporate social responsibilities, and carried forward the enterprise spirit of "diligence, leadership, perseverance and pursuit of excellence". It was committed to better serving society, providing and creating a more scientific, higher-end, and more cutting-edge user experience for the general consumer groups with continuously enhanced industrial development foundation and resilience, as well as increasingly optimized products and industrial structure. With such efforts, Sichuan Changhong steadily advances towards becoming a world-class enterprise.

In our business development, we adhere to the core principles of being technology-led and innovation-driven, constantly honing our capabilities for industrial development. By adjusting our mindset, sticking to the real economy, strengthening mature industries, and maintaining our stronghold in the home appliance industry, we have developed a product matrix with TVs, air conditioners, refrigerators, and washing machines as the core. Oriented by "smart, green, and healthy" products, we have integrated science and technology with products through independent R&D, joint innovative R&D, and other methods. As a result, we have secured a series of significant research outcomes. For example, we have launched the world's first "Super Brain" TV equipped with a large-scale artificial intelligence model, introduced the world's first ARTIST Art TV with 20,000-plus partitions and a 24.9 mm ultra-thin body, released the refrigerator under Changhong Meiling's "Wide Narrow Door" series that set the industry's "thinnest" record, and built Sichuan Province's first national cross-industry and cross-domain industrial internet platform. With continuous efforts to make breakthroughs in core technologies, we strive to share the aesthetics of life with consumers. The Company has consistently upheld a customer-centric value system, serving global consumers with high-quality products and solutions.

We have established and improved a corporate governance structure with clear rights and responsibilities and effectively countervailing forces, ensuring efficiency and compliance in this regard. We have incorporated ESG management into the Company's development strategies and business operation and management, driving a more comprehensive governance system and further enhancing governance capabilities. We have established a decision-making checklist for Three Major Matters and One Utilization (decision-making for major issues, appointment and removal of important officers, investment decisions for major projects, and utilization of large value funds) while steadily carrying out the special action of "Compliance Management Development Year". We have been committed to building a modern corporate governance control system integrating compliance, risk control, and internal control, continuously improving the corporate governance operating mechanism, standardizing operations, and effectively safeguarding the interests of the Company and all shareholders.

In terms of environmental governance, we have made great efforts to accomplish the energy conservation and emission reduction targets set in the 14th Five-Year Plan around the dual carbon goals. Aligning with the Company's overall strategy, we have formulated clear objectives and long-term plans to address climate change and strictly

implemented relevant national policies on energy conservation and emission reduction. We have been optimizing designs and processes, exploring environmental protection system construction and climate risk management, seeking a development path harmonious with nature, and reducing the environmental load from the source. This year, the Company saw a decrease in overall water resources consumption intensity and greenhouse gas (GHG) emissions per RMB 10,000 worth of output, as well as an increase in the proportion of recycled materials compared to last year.

In terms of social responsibility, we uphold the original aspiration of "serving the country through industrial development", take the initiative to fulfill our corporate social responsibilities, and proactively contribute to rural revitalization and public welfare undertakings. We are committed to building a transparent supply chain and working with suppliers to create a better life and future. We have built Sichuan's first state-level cross-industry "5G + Industrial Internet" platform, empowering nearly 100 enterprises in 8 industries. We have actively responded to the Belt and Road Initiative (BRI), with export revenue exceeding RMB 10 billion in 2023. At the same time, we have increased brand exposure overseas in various ways. CHIQ, a brand of Changhong, has been introduced into more than 40 countries and regions in Southeast Asia and Europe. Throughout the year, we have dedicated a significant amount of funds to social welfare projects and have been honored with the title of "The Most Charitable Donation Enterprise" in the 4th Sichuan Charity Awards.

As a responsible corporate citizen, we have been sharing the fruits of our development with customers, employees, and the public on our journey of self-development. We adhere to the user-centered principle, providing high-quality products and services to bring a better life experience to every user. We uphold the value of employee satisfaction, contributing to the diversified development of employees and safeguarding their rights and interests. Our goal is to build the Group into a globally respected sci-tech innovation enterprise, making contribution to society through actual actions and creating sustainable value.

Here, we officially release the Sichuan Changhong ESG Report 2023, looking forward to in-depth exchanges with all stakeholders and accepting public supervision. Sichuan Changhong will remain committed to its main businesses and innovation and collaborate with stakeholders to create a better future.

Sichuan Changhong Electric Co., Ltd.
Chairman Liu Jiang

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 developing ESG strategies, ensuring alignment with the Company's business objectives, and continually improving ESG performance.

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

The report details the Company's achievements in ESG, which was reviewed and approved by the Board of Directors on April 24, 2024.



About Sichuan Changhong

Corporate Profile

Sichuan Changhong Electric Co., Ltd. was founded in 1958 and listed on the Shanghai Stock Exchange in March 1994 (Sichuan Changhong, 600839.SH). It has four listed subsidiaries, including Changhong Meiling Co., Ltd. (000521.SZ), Changhong Huayi Compressor Co., Ltd (000404.SZ), Changhong Jiahua Holdings Limited (03991.HK), and Zhongke Meiling Cryogenics Co., Ltd. (835892.BJ), and one subsidiary listed on the innovative layer of NEEQ: Sichuan Changhong Minsheng Logistics Co., Ltd. (836237.NQ). After decades of development, the Group has now evolved into a diversified and global comprehensive technology enterprise integrating consumer electronics, core component R&D and manufacturing, and integrated ICT services. In June 2023, Sichuan Changhong ranked 35th in the "2023 China's 500 Most Valuable Brands" list (the 20th edition). In December 2023, it was included in the "World's 500 Most Influential Brands" list by the World Brand Lab, ranking 285th.

China's 500 Most Valuable Brands	The World's 500 Most Influential Brands
The 35th	The 285th



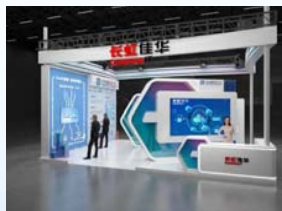
Smart TV Business



Smart White Goods Business



Refrigerator Compressor



ICT Integrated Service Business



Special Business

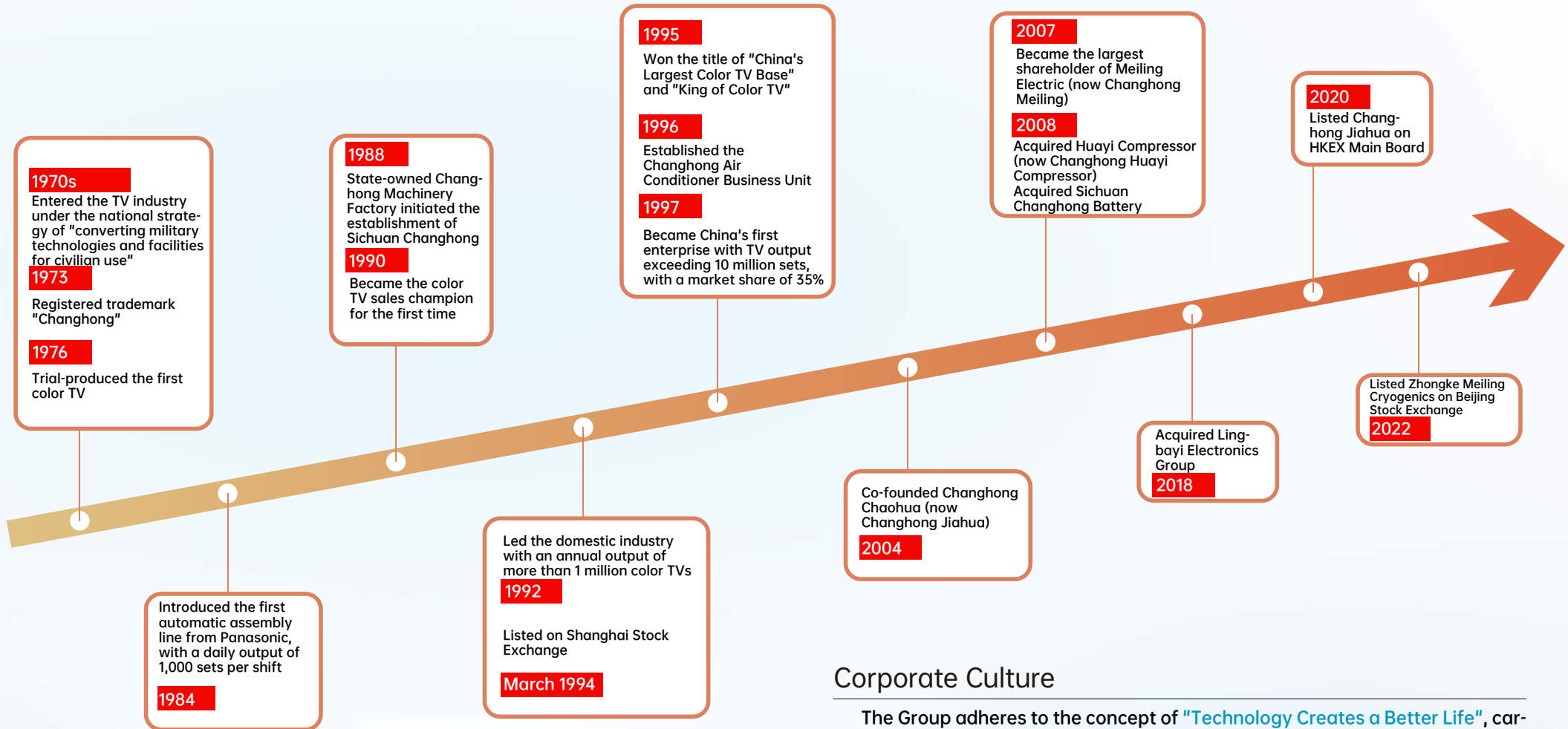


Intermediate Product Business



Network Communication Terminal Business

Development Course



Corporate Culture

The Group adheres to the concept of "Technology Creates a Better Life", carries forward the enterprise spirit of "diligence, leadership, perseverance and pursuit of excellence", puts customers first, and builds a team of honest, pragmatic, dedicated and responsible staff who strive for new progress and grow with the Group. It also strengthens its brand power, technology power, industrial power, product power, service power and market power, and promotes the upgrading of manufacturing industry, transformation of service industry and international development, thus developing into a technological innovation enterprise with global influence.

Corporate Honors

National Industrial Design Center (Ministry of Industry and Information Technology)

National Technological Innovation Demonstration Enterprise (Ministry of Industry and Information Technology)

State-certified Enterprise Technology Center (National Development and Reform Commission, etc.)

Intelligent Manufacturing Pilot Demonstration (Ministry of Industry and Information Technology)

Winner of the title of **"The Most Charitable Donating Enterprise"** at the 4th Sichuan Charity Award issued by the People's Government of Sichuan Province

The world's largest supplier of refrigerator compressors. It has ranked first in the world for 11 consecutive years, and one out of every three refrigerators worldwide uses a Changhong compressor.

China's leading aviation power system supplier. The products are extensively used in China's most advanced aircraft (C919). They enjoy world-leading technology and a domestic market share of 70%.

China's leading rail transit power system provider. More than 30% of China's high-speed railway, metro, and maglev trains are equipped with Changhong's power system, which is also widely utilized in various types of locomotives exported to countries along the Belt and Road.

China's first large-scale customized production lines for 5G + industrial Internet. One production line can produce 6 different products simultaneously, and 1,100 different products can be produced in one day. After large-scale customized services are realized, the per capita output efficiency can be increased by 65%.

Winner of 21 State Scientific and Technological Progress Awards. It has won 21 State Scientific and Technological Progress Awards in smart home appliances, digital technology, and special technologies.



Famous enterprise for R&D and manufacturing of intelligent household appliances in China

In 2023, it sold about 14.93 million smart TVs, about 7.73 million air conditioners, about 8.24 million refrigerators, about 1.41 million washing machines, and about 17.45 million kitchen & bathroom appliances and home appliances.

Operating Performance in 2023

2021

The operating revenue reached **RMB 99.632 billion** in 2021, with a year-on-year increase of **5.49%**;

Net profit attributable to shareholders of the listed company reached **RMB 285 million**, with a year-on-year increase of **527.35%**;

2022

The operating revenue reached **RMB 92.482 billion** in 2022, with a year-on-year decrease of **7.18%**;

Net profit attributable to shareholders of the listed company reached **RMB 468 million**, with a year-on-year increase of **64.39%**;

2023

The operating revenue reached **RMB 97.456 billion in 2023**, with a year-on-year increase of **5.38%**;

Net profit attributable to shareholders of the listed company reached **RMB 688 million**, with a year-on-year increase of **46.98%**;



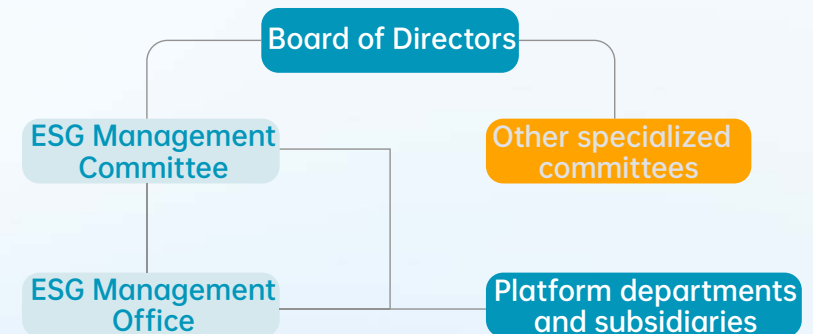
ESG Management Strategy

The Group has unwaveringly been committed to high-quality sustainable development, actively responding to the country's 14th Five-Year Plan and diligently implementing the strategic requirements to "peak carbon dioxide emissions and achieve carbon neutrality". It has followed the path towards the comprehensive green transformation of economic and social development, with the synergized reduction of pollution and carbon emissions as a lever, and green, low-carbon, and efficient utilization of energy as the focus. The Group has adhered to scientific planning, gradual progress, innovation-driven strategies, and digital empowerment, building low-carbon industrial parks, fueling intelligent and digital transformation, and exploring pathways for green and low-carbon transformation within industrial parks. These efforts aim at consolidating a green future development path for the Company's intelligent manufacturing.

ESG management system

The Company has been improving its sustainable development management system. It has established an ESG management structure to ensure the implementation of sustainable development efforts at all levels. The Company has also driven the incorporation of ESG management concepts into operation and management, to improve the Company's ESG performance, thereby safeguarding sound business operations and sustainable development. In January 2023, according to the resolution of the 50th Meeting of the 11th Board of Directors, it was agreed to establish an ESG Management Committee with an ESG Management Office. The ESG Management Committee functions as a special working body of the Board of Directors and is responsible for the ESG management of the Company.

To further adapt to its evolving management requirements in Environmental (E), Social (S), and Governance (G) and clarify the deliberation and decision-making procedures of the ESG Management Committee and related units in ESG management, the Company has formulated the Detailed Implementation Rules for ESG Management Committee under the Board of Directors as per laws, regulations, and normative documents such as the Company Law of the People's Republic of China and the Guidelines on Corporate Governance of Listed Companies, as well as relevant provisions of the Articles of Association taking into consideration the Company's actual circumstances. The document was deliberated and approved at the First Meeting of the 12th Board of Directors. It has further elucidated the roles and responsibilities of the Board of Directors and the subordinated ESG Management Committee in monitoring ESG development trends, formulating the Company's ESG strategies and objectives, supervising the Company's ESG work, and reviewing major ESG-related matters. The document has laid a solid foundation for improving the Company's ESG performance and contributing to achieving ESG goals.



Identification of Key Topics

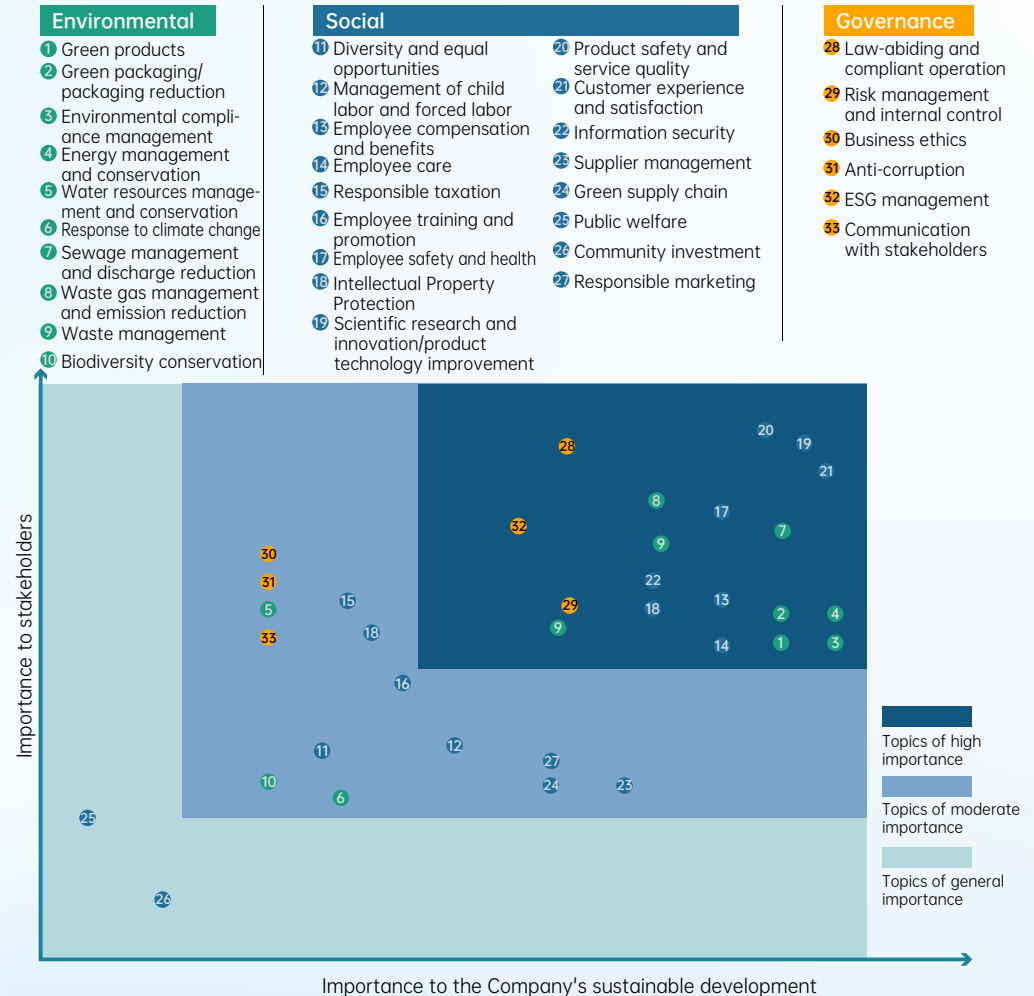
Communication with stakeholders

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 Company has made ongoing efforts to develop diverse communication channels and methods, enhance the quality of information disclosure, and promptly respond to the demands of stakeholders.

Stakeholder category	Demands and expectations		Communication and response	
Government or supervisory authority	Compliance operation	Anti-corruption	Symposium On-site interview and investigation	Work report
	Tax Payment According to Law	Policy response		
Shareholder/investor	Corporate governance	Return on investment	General meeting of shareholders	Call and meeting
	Risk management	Information disclosure	Investor exchanges On-site investigation	E-mail Online interactive platform
Employee	Protection of employees' rights and interests	Employee Health and Safety	Labor union	Occupational, health and safety training
	Employee Remuneration and Benefits	Employee training and development	Daily interview Employee symposium	Employee satisfaction survey
Customer	Product quality assurance	Customer privacy protection	User return visits	Social media platform
	Customer rights and interests protection	Product service guarantee	Online customer service hotline	Customer satisfaction survey
Supplier	Transparent procurement	Win-win cooperation	Conference/exhibition	On-site investigation
	Honest cooperation	Product responsibility	Official website	Real-time communication software
Industry association or partner	Technical exchanges	Industry progress	Meetings	Calls and e-mails
	Scientific and technological development	Product responsibility	Industry activities	
Media	Pollution discharge	Protection of employees' rights and interests	On-site interview	Social media platform
	Product responsibility	Response to climate change	Press conference	
Public welfare organization or community organization	Social participation	Employment promotion	Regular return visits	School-enterprise employment cooperation
	Public welfare		Dedication to public welfare	

Matrix of material topics

With reference to the HKEX ESG guidelines and MSCI-ESG Ratings, benchmarking against excellent practices in the industry, our Group has identified 33 substantive issues in ESG, including 10 environmental issues, 17 social issues and 6 governance issues. The Company has involved all stakeholders in the questionnaire survey on substantive issues, and comprehensively analyzed and ranked sustainable development issues according to internal and external research results and by importance, finally forming a matrix of material topics.



Key Performance in 2023



Governance

- It has held **3** general meetings, **19** board meetings and **14** supervisory board meetings
- Its board of directors has **9** directors, including **3** independent directors
- It has disclosed **104** announcements and **46** annexes, totaling **150** documents
- It has held **3** performance presentation meetings and answered **835** questions from investors through "SSE E-interactive"
- It has published **4** investor activity records through the column of "Listed company release"
- The Audit Department completed **2,477** internal audit projects, improved **192** internal control regulations, and raised **202** management suggestions
- It has carried out the special action of "Year of Compliance Management Development" and established a "1+N" compliance risk control management system combining basic regulations with specific business management regulations
- The Company has filed and investigated cases against **8** persons, punished **8** persons, and transferred **7** persons to Mianyang Municipal Commission for Discipline Inspection and Supervisory Committee
- The Group has not engaged in any acts of unfair competition or monopoly, and there are no relevant legal proceedings



Environmental

- It is the first enterprise in Mianyang to pass **ISO14001** environmental management system certification
- Intensity of water resources consumption (tons/RMB 10,000) decreased by **12.08%** compared with the previous year
- Energy consumption intensity (tce/RMB 1 million) decreased by **9.49%** compared with the previous year
- GHG emissions per RMB **10,000** of output value (kgCO₂e/RMB **10,000**) decreased by **1.30%** compared with the previous year
- The completion rate of comprehensive energy consumption for unit TV product reached **104.19%**, and that for unit air conditioning product was **106.08%**, both achieving annual energy conservation targets
- Sichuan Changhong Molding Technology was rated as a provincial "Green Factory", and Sichuan Changhong Jijia Fine has won the title of Environmental Protection Integrity Enterprise in Sichuan Province for **7** consecutive years
- The Group has not violated environmental regulations, has not discharged excessive pollutants, and has not been punished by environmental regulatory authorities
- The Company completed **26** energy-saving process transformation projects and created an annual economic benefit of RMB **2.4455** million
- The SGS Hong Kong Limited conducted a field evaluation of the Company's ESG management performance in **2022**, and Changhong (Hong Kong) Trading Limited obtained the first green loan of over **100** million yuan from the Bank of East Asia (Hong Kong) based on the evaluation results



Social

- The Group paid more than **2** billion in taxes and fees to the tax authorities
- With zero product quality recall and a customer satisfaction of **99.2%**, it was rated as "Advanced Unit of Quality Management Group Activities in Electronic Information Industry" by China Quality Management Association for Electronics Industry
- The Group has **7** regional service centers, **31** branches and more than **10,000** special service providers across the country to provide **7/24** services
- It has built Sichuan's first national cross-industry "5G + Industrial Internet" platform, serving nearly **100** enterprises in **8** industries
- In active response to BRI, Guangdong Changhong Electronics' export revenue reached RMB **7.412** billion. Zhongshan Changhong Electric's export revenue came to RMB **3.46** billion. The overseas trade volume of international brand business exceeded RMB **2** billion
- Changhong CHIQ became the official partner of FIS Freestyle Ski World Cup
- It took multiple measures in consumption assistance, with a total purchase and sale amount of agricultural and sideline products in assistance areas of RMB **1.21** million, and donated an education assistance fund of RMB **1** million to assistance areas
- It invested RMB **800,000** in the "Colorful Changhong" study tour campaign and organized **192** teachers and students from areas lifted out of poverty to engage in the campaign
- Sichuan Hongxin Software donated Changhong Smart Campus Video Teaching System worth RMB **504,000** to Pingchang County in Bazhong

03

Changhong Rises as a Well-managed Business

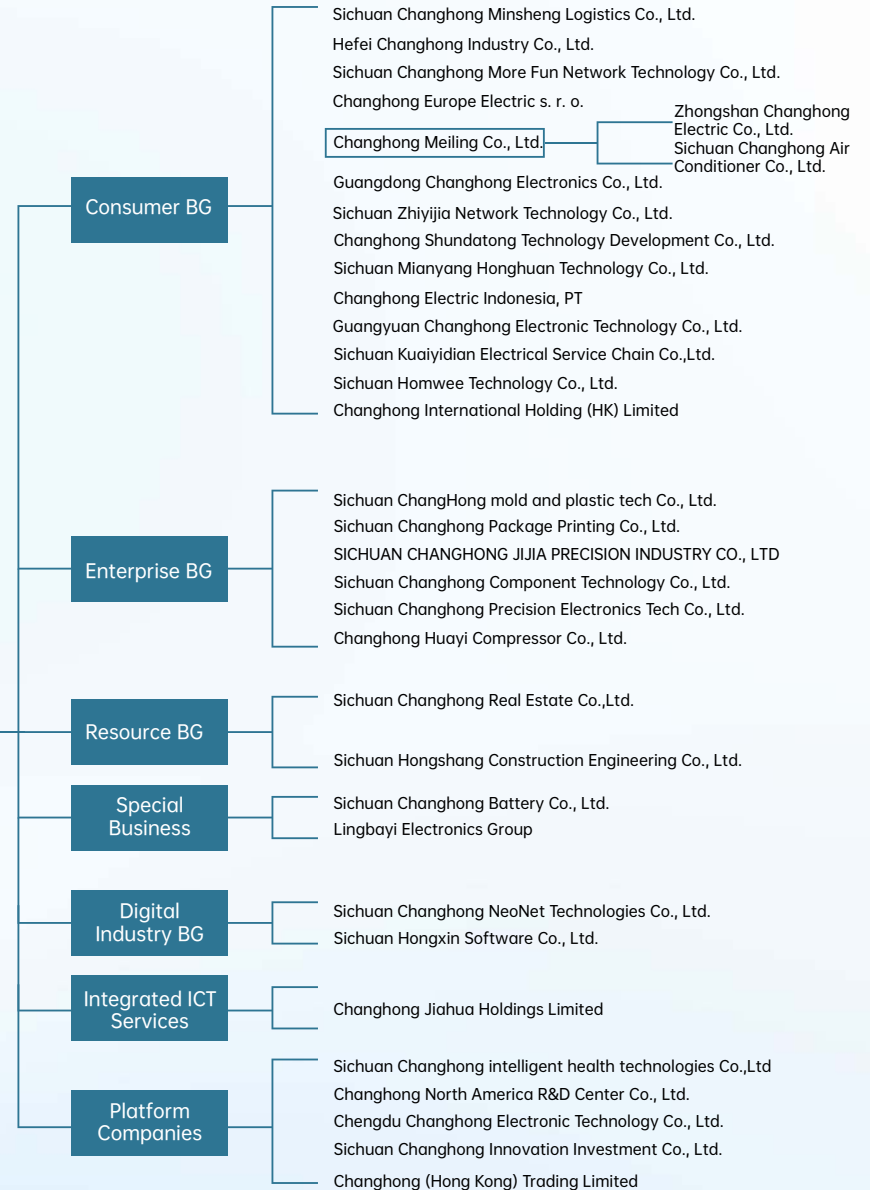
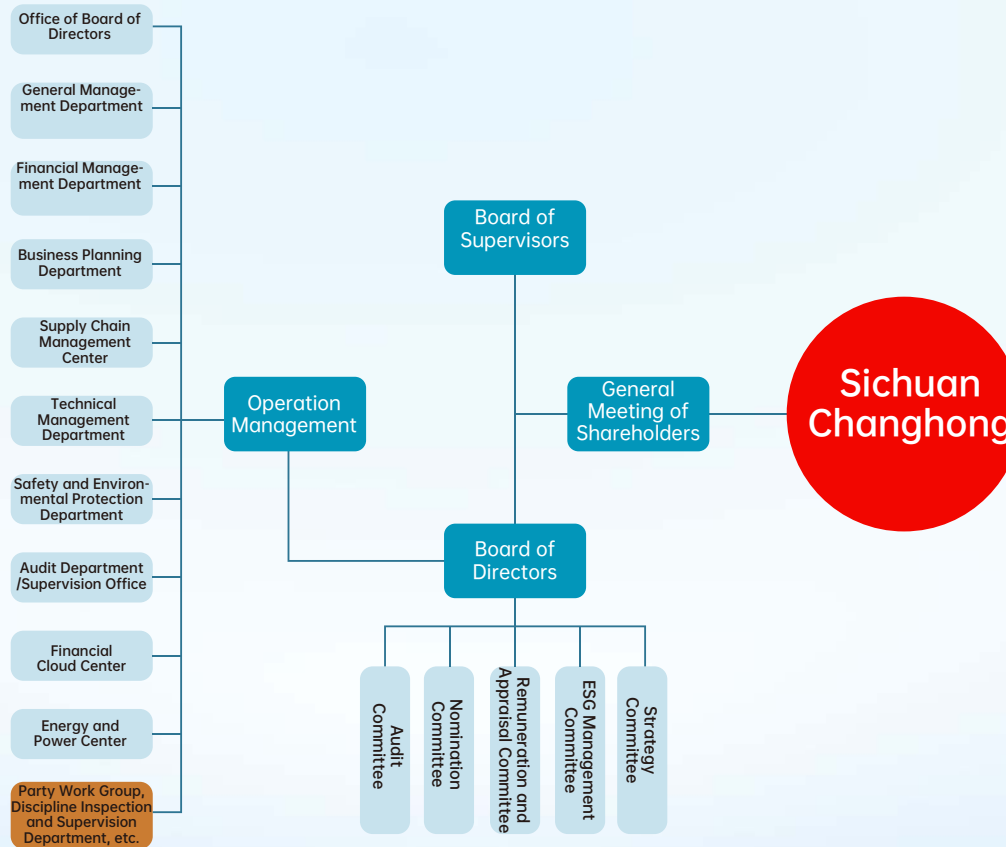
The Group adheres to the concept of "Technology Creates a Better Life", carries forward the enterprise spirit of "diligence, leadership, perseverance and pursuit of excellence", puts customers first, and builds a team of honest, pragmatic, dedicated and responsible staff who strive for new progress and grow with the Group. It also strengthens its brand power, technology power, industrial power, product power, service power and market power, and promotes the upgrading of manufacturing industry, transformation of service industry and international development, thus developing into a technological innovation enterprise with global influence.



Build Sustainable Governance System

The Company has established a standardized and orderly governance system in accordance with Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Stocks on Shanghai Stock Exchange and relevant laws and regulations. The Company has set up governance institutions such as the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors, and established and improved the corporate governance structure with clear rights and responsibilities and effective checks and balances, thus ensuring efficient and compliant corporate governance. The Company has formulated relevant institutional documents such as Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors, and Working System for Secretary of the Board of Directors. In 2023, it formulated and issued Special Meeting System for Independent Directors and Detailed Implementation Rules for ESG Management Committee to continuously improve the corporate governance and operation system, standardize corporate operation, and effectively safeguard the interests of the Company and all shareholders.

1 Governance Structure



General Meeting of Shareholders

The General Meeting of Shareholders is the authority of the Company. The Company holds regular general meetings of shareholders to make decisions on major issues of the Company, so as to ensure shareholders' right to participation, right to information and right to earnings in the decision-making process. In strict accordance with the provisions and requirements of the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders, the Company has standardized the convening and discussion procedures of general meetings of shareholders. It treats all shareholders equally, requires related shareholders to abstain from voting on matters involving related-party transactions, and discloses the announcements of resolutions of general meetings of shareholders in a timely manner after the meetings.

During the reporting period, the Company held 3 general meetings of shareholders in total, including 1 annual general meeting of shareholders and 2 extraordinary general meetings of shareholders. The convening and voting procedures of all the general meetings of shareholders of the Company were legal and valid, and the on-site meetings were witnessed by lawyers on site. In addition, the Company provided online voting method to shareholders to protect the legitimate rights and interests of minority investors.

Key Indicators	Unit	2021	2022	2023
Total number of meetings	Time	2	4	3
Extraordinary general meetings	Time	1	3	2
Proposals adopted through deliberation	Item	17	21	20

Board of Directors

The Board of Directors is responsible to shareholders, implements the resolutions of the General Meeting of Shareholders, and exercises the decision-making power on major matters of the Company. There is the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the ESG Management Committee. It enhances the democracy, scientificity and reliability of major decisions.

The Board of Directors of the Company consists of 9 directors, 1 chairman and 1 vice chairman. Directors are elected or replaced by the General Meeting of Shareholders for a term of office of 3 years, and may be removed from office before the expiration of their term. As the term of office of the 11th Board of Directors of the Company expired, in accordance with the Company Law of the People's Republic of China and the Articles of Association of the Company and other relevant regulations, the Proposal on Election of Directors of the 12th Board of Directors of the Company was reviewed and approved at the 2nd Extraordinary General Meeting of Shareholders of the Company in 2023, agreeing to elect 6 persons including Mr. Liu Jiang as non-independent directors and 3 persons including Mr. Qu Qing as independent directors of the Company.

The independent directors of the Company are all senior professionals with expertise in accounting, finance and business management. They have no direct or indirect interest relationship with the Company and its major shareholders and actual controllers or other conditions that may affect their independent and objective judgment.

Diversity of the Board of Directors

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

During the reporting period, the Board of Directors held 19 meetings and reviewed 69 proposals. All meetings were convened in strict accordance with relevant laws and regulations, and all resolutions were legal and valid. Based on the principle of conscientiousness, the special committees under the Board of Directors performed their duties in strict accordance with laws and regulations. The Audit Committee held 10 meetings, the Nomination Committee held 3 meetings, the Remuneration and Appraisal Committee held 3 meetings, and the ESG Management Committee held 1 meeting.

Key Indicators	Unit	2021	2022	2023
Board members	Person	9	9	9
Including: female directors	Person	2	1	1
Non-independent directors	Person	6	6	6
Independent directors	Person	3	3	3
Board meetings	Time	18	22	19
Board resolutions adopted	Item	57	66	69
Average attendance	%	100	100	100



Board of Supervisors

The Board of Supervisors, as the dedicated supervisory body of the Company, holds responsibility for the General Meeting of Shareholders and oversees the actions of the Board of Directors and management. The Board of Supervisors consists of five members, including two employee representatives, elected democratically and recalled by the Congress of Workers and Staff, and three shareholder representatives, elected democratically and recalled by the General Meeting of Shareholders. The Board of Supervisors appoints a Chairman, who shall be elected by more than half of all supervisors.

During the reporting period, the Board of Supervisors held 14 meetings in total. As a supervisory body, the Board of Supervisors upholds a spirit of accountability to all shareholders, diligently fulfilling its duties by engaging in thorough discussions on each agenda item to ensure the legality and compliance of decisions.

Key Indicators	Unit	2021	2022	December 31, 2023
Supervisory board members	Person	5	5	5
Including: female supervisors	Person	1	1	1 (3)
Supervisory board meetings	Time	18	21	14
Proposals deliberated	Item	57	63	44
Average attendance	%	100	100	100



2 Executive Remuneration

The Company has implemented a performance-based annual salary system for senior executives. It has advocated and encouraged its senior executives to receive remuneration incentives from performance increments through reasonable ways such as excellent annual performance and operating profit.

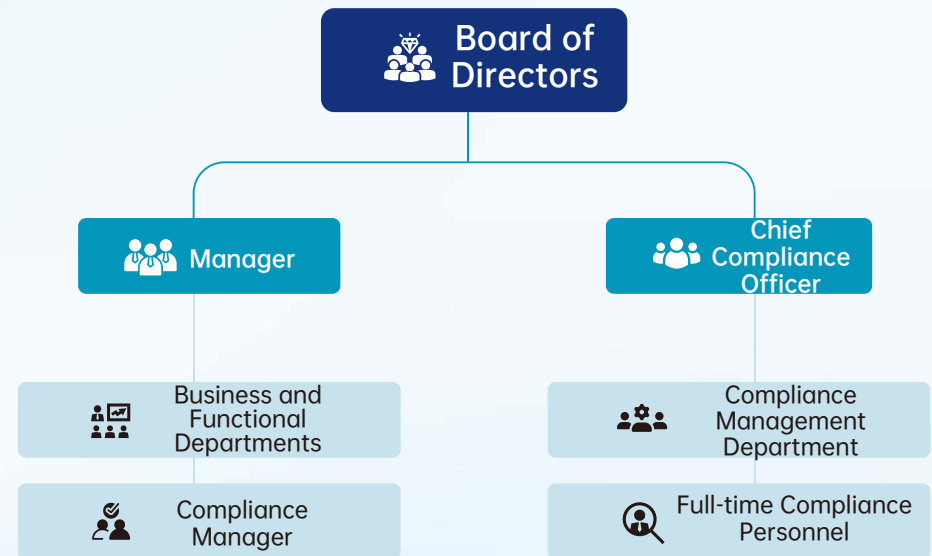
Strengthen Compliance Risk Control

The Group has been dedicated to establishing a modern corporate governance management and control system that integrates compliance, risk control, and internal control. It has continuously improved and optimized the internal control mechanism, fully incorporating compliance management and risk management requirements into the Company's rules and regulations, working standards, and business processes in line with the demands for institutionalization, process standardization, and process digitization. The Group has urged all departments to conduct business activities across all sectors in compliance with laws and regulations, thereby preventing and mitigating operational risks.

In 2023, the Company organized a special action of "Compliance Management Development Year", further strengthened compliance work around the organizational system, institutional system, operation mechanism and guarantee mechanism for compliance, accelerated the improvement of law-abiding and compliant operation management level, and enhanced the awareness and ability in risk prevention and control.

1 Organization System

The Company has established the management body, defined management responsibilities, and appointed management personnel based on operational objectives, risk levels, and resource allocation. It has promoted the integration of business operations and regulatory compliance and ensured the proper implementation of risk control, compliance, and internal control management at the organizational, operational, and individual levels.



The Company attaches great importance to management of such aspects as risk prevention and control, continuously empowers all business units through three lines of defense, and constantly strengthens the implementation of related work such as compliance risk identification, assessment, prevention and control. The business and functional departments are responsible for the first line of defense for the main responsibility of compliance risk control management; the Compliance Management Department takes the lead to be responsible for the second line of defense of compliance risk control management at this level; the Board of Supervisors, Discipline Inspection and Supervision Department, Audit Department and other departments of the Company are responsible for the third line of defense of supervising and evaluating the implementation of risk control and compliance requirements, investigating violations, and carrying out responsibility investigation according to regulations.

The first line of defense	The second line of defense	The third line of defense
All business and functional departments	Compliance Management Department	Board of Supervisors, Discipline Inspection and Supervision Department, and Audit Department
Assume the main responsibility of compliance risk control management, ensure compliance risk control management in business areas, and effectively prevent and timely handle compliance risks	Improve the compliance management system, formulate the Company's basic compliance management system and measures for the administration of compliance review, strengthen compliance review, and urge compliance risk management in key areas	Supervise and evaluate the implementation of risk control and compliance requirements within the scope of functions and powers, investigate violations, and carry out responsibility investigation according to regulations



2 Institutional System

The Company has formed a "1+N" compliance risk control management system combining basic systems with specific business management systems. The Company formulated the basic compliance management system at the corresponding level, and took it as a guide to build relevant hierarchical and classified management systems according to the scope of application and the levels of effectiveness. Besides, according to changes in laws, regulations and regulatory policies, the Company continuously promoted the revision and improvement of the institutional system based on the development and management requirements of the Company's business.

In 2023, the Company organized the revision of compliance risk control and legal management systems such as Basic System of Compliance Risk Control Management, Measures for the Administration of Compliance Review, Legal Affairs Management System, and Contract Management Measures to further clarify the compliance risk control management mechanisms at all levels and standardize the operation mechanism, assessment and evaluation of compliance risk control management. The Company comprehensively sorts out the relevant systems of internal control, risk and compliance management from time to time, continuously improves the construction of systems and strengthens the implementation of the systems. This year, all functional departments of the Company revised and improved 58 systems and newly formulated and issued 22 systems.

3 Operating Mechanism

The Company has established various mechanisms for such aspects as risk management, compliance review, violation reporting and problem rectification, implemented the closed-loop management of compliance risk control, ensured that all systems of the Company are implemented and can contribute to the business development of the Company.

The Company has carried out four special campaigns throughout the year: "investigation of trade business", "special rectification of procurement tenders", "special clean-up of investment and financing guarantee", and "special inspection of assets". It has organized all business units to conduct special inspection on key businesses, attached great importance to the problems found, conducted special investigations, established a problem-solving mechanism and formed closed-loop management.

All levels of units of the Company are staffed by excellent chief compliance officers, and the chief compliance officers of all subsidiaries are required to sign a compliance commitment letter on behalf of the top management of the Company to promise that they will take compliance as their own responsibility and serve as the gatekeeper of the Company's compliance.

The Company is committed to carrying out the construction of compliance culture, cultivating the compliance awareness and values of all employees by means of compliance training, informatization construction and compliance commitment, creating a good compliance culture and realizing enterprise governance according to law.

During the reporting period, the Company has maintained effective internal control in all material aspects in accordance with the requirements of the enterprise internal control standard system and relevant regulations. No major deficiencies in internal control were found, and no major violations of laws and regulations occurred.



Conduct Internal Audit

The Audit Department of the Group closely followed the Company's "14th Five-Year Plan", annual operating policies and task objectives, focused on audit duties and strengthened supervision efficiency. With the goal of improving internal governance, the Company supervises and evaluates professional ethics, business procedures, internal control, enterprise risks, compliance management, etc. It has thoroughly investigated major risks and hidden dangers, revealed violations of discipline and law, enhanced the deterrence against corruption and moral decline, effectively safeguarded the economic interests of the Company, and provided a strong guarantee for the sustainable development of the Company.

In 2023, the internal audit department of the Company promoted the construction of the information-based supervision system

	The intelligent risk early warning system is used to timely monitor 21,658,000 pieces of procurement and sales business data
	Handle 495,000 over-threshold risk matters
	Complete 2,477 audit projects on time and achieve full coverage of internal audit
	Launch 144 high-quality and efficient management consultation, regulation publicity and implementation, compliance internal control training activities based on audit results
	Promote subsidiaries to improve 192 internal control regulations, provide 202 audit suggestions, and strictly supervise rectification of problems found in audits

Ensure Clean and Honest Administration

1 Anti-corruption Efforts

The Company formulated systems such as Several Provisions on Integrity of Leaders at All Levels, Measures for the Implementation of the Responsibility Investigation, Guidelines for the Management System of Integrity Risk Prevention, and Measures for the Administration of Complaint Reporting to continuously improve the construction of the integrity risk prevention and control system. In addition, it implemented integrity risk prevention and control management over its subsidiaries, forming a three-dimensional prevention and control system with posts as "points", processes as "lines" and systems as "surfaces" to standardize the clean behavior of leaders at all levels of the Company, safeguard the interests of the Company and its contributors, and promote the sound development of the Company.

The Company abides by high standards of business ethics and integrity, conducts various business activities on the premise of strictly complying with all applicable laws and regulations, and prohibits any form of commercial bribery and corruption. The Company has established a "general supervision" management system, continuously advanced the work of "tightening discipline, improving conduct and advocating anti-corruption", focused on accurate judgment and thorough investigation of clues involving such problems as tunneling, using one's position for personal gain and conducting "extracorporeal circulation", established a strict anti-corruption momentum, improved the scientific, standardized and systematic level of corruption prevention, made integrated efforts to ensure that officials do not have the audacity, opportunity, or desire to become corrupt, and resolutely safeguarded the rights and interests of the Company and shareholders.

In 2023, the Company filed and investigated cases against 8 persons, punished 8 persons, and transferred 7 persons to Mianyang Municipal Commission for Discipline Inspection and Supervisory Committee.

The Group has set up special channels for internal and external supervision and whistleblowing. Once the report is found to be true, the Company will immediately take measures to seriously deal with the personnel or departments involved and publicize the results.

Whistleblowing channels set up by discipline inspection and supervision departments		Informants' e-mail (chjw@changhong.com)		Informants' hotline telephone (0816-2418450)
		Informants' e-mail (cgjc@changhong.com)		Informants' hotline telephone (0816-2417561)
Whistleblowing channels set up by the procurement supervision unit		Informants' e-mail (cgjc@changhong.com)		Informants' hotline telephone (0816-2417561)



2 Integrity Promotion

The Company deeply carried out the special warning education activity of "taking cases as a mirror and promoting reform based on cases", educated people around by what happened in their life, and required all employees to "stay true to who they are, show good images and take responsibilities". Through the construction of "Changhong Family Tradition Hall", the Company has carried out a series of activities for young cadres to promise, advocate and maintain integrity, organized activities of incorruptible culture in teams and families, and built an environment of clean employment within the Company. It has also carried out the anti-corruption warning education activity of the "First Lesson at the Beginning of the Year" for all members of the leading group by means of "watching warning education films, sharing points of view and pointing out problems, promising integrity, writing down feelings and experience, and giving lectures on anti-corruption".



3 Clean and Honest Administration

The Company has implemented a leadership system of "cross-appointment" and conscientiously fulfilled the management requirement of "dual responsibility per position". The leading group is responsible not only for operation and management but also for integrity-building efforts, which should be assigned, implemented, inspected, and evaluated in conjunction with production and operation tasks, to create a clean and positive environment within the Company.



Encourage Fair Competition

The Group strictly abides by Anti-monopoly Law of the People's Republic of China, Anti Unfair Competition Law of the People's Republic of China and other laws and regulations. To maintain fair competition, the Company practices the principle of equal legal status, equal opportunities, equal treatment and fair market behavior in terms of personnel selection and employment, supplier access and customer development, actively promotes the construction of a level playing field, facilitates the healthy development of the market economy, protects consumers' rights and interests, and safeguards the rights and interests of employees, customers and partners.

The Group has formulated institutional norms such as Guidelines for the Competition and Selection of Cadres, Guidelines for the Inspection of Cadres, Measures for the Administration of Recruitment, and Detailed Rules for the Standardization of Employment Information Disclosure to promote the standardization, marketization and specialization of the Company's employment management, and create an open and fair employment environment and atmosphere that allow both entry and departure and encourage selection based on competition. The Group makes public the sourcing information of procurement and openly selects suppliers, so as to promote fair competition more effectively, consolidate the concept of transparent procurement, and enhance information transparency and fair competition.

In 2023, the Company did not have any unfair competition behavior or monopolistic behavior, and there was no relevant legal litigation.



Changhong Meiling Smart Household Appliance
TV | refrigerator | air conditioner | washing machine

Standardize Information Disclosure

In strict accordance with Management System for Information Disclosure Affairs and other relevant regulations, the Company designated channels such as the website of Shanghai Stock Exchange (SSE), China Securities Journal and Shanghai Securities News to disclose all information of the Company that may have a substantial impact on the decisions of shareholders and other stakeholders in a truthful, timely and complete manner, ensure that all shareholders and other stakeholders can equally obtain the Company's information, and safeguard the fair right of information of all shareholders and potential investors. According to the data from "SSE Service", the Company disclosed 104 announcements and 46 annexes in 2023, totaling 150 documents.

Key Indicators	Unit	2021	2022	2023
Disclosed announcements and annexes	Pcs	104	144	150

Benefit Stakeholders

1 Investor Relations Management

The Company places importance on maintaining investor relations. It has formulated systems such as Management Measures for Investor Relations, Internal Reporting System for Major Information, Registration Management System for Insiders, Related-Party Transaction Management System and Investor Interaction Working System to perform information disclosure duties in compliance and help investors make objective and correct investment judgments.

The communication channels between the Company and its investors have always been kept unblocked, so as to actively promote the benign development of the relationship between the two sides and effectively protect the rights and interests of investors, especially the rights of information and participation of small and medium-sized investors. The Company held three performance presentation meetings through the SSE Roadshow Center, answered 835 questions from investors through "SSE E-interactive" and published four investor activity records through the column of "Listed company release". The Company has also launched an investor hotline and answered 438 calls in total, trying to ensure rich and convenient communication channels for investors. It enables investors to have a deeper understanding of the Company's value, development strategy and business philosophy and make better investment decisions.

Held 3 performance presentation meetings through the SSE Roadshow Center

Published 4 investor activity records through the column of "Listed company release"



Answered 835 questions from investors through "SSE E-interactive"

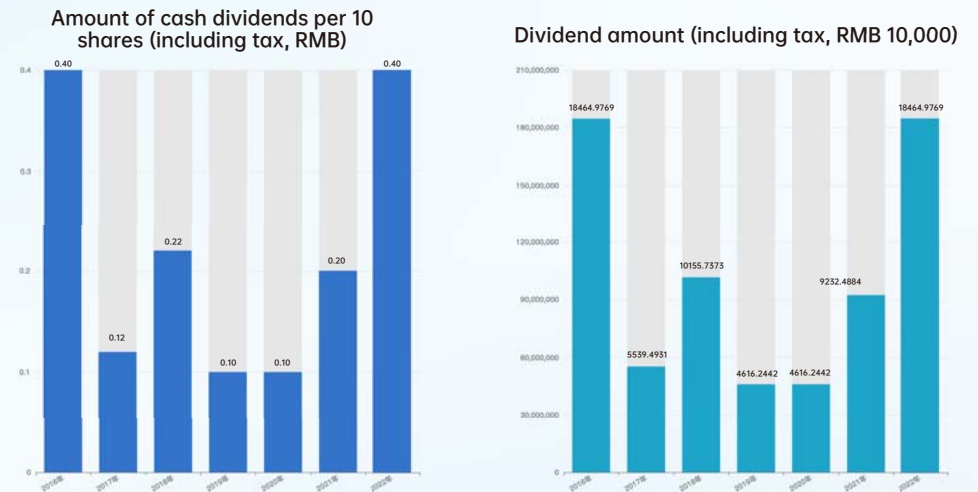
Launched an investor hotline and answered 438 calls

2

The General Meeting of Shareholders is the organ of the Company which holds the highest authority in the Company. The Company holds regular general meetings of shareholders to make decisions on major issues of the Company, so as to ensure shareholders' right to participation, right to information and right to earnings in the decision-making process. In strict accordance with the provisions and requirements of the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders, the Company has standardized the convening and discussion procedures of general meetings of shareholders. It treats all shareholders equally, requires related shareholders to abstain from voting on matters involving related-party transactions, and discloses the announcements of resolutions of general meetings of shareholders in a timely manner after the meetings.

During the reporting period, the Company held 3 general meetings of shareholders in total, including 1 annual general meeting of shareholders and 2 extraordinary general meetings of shareholders. The convening and voting procedures of all the general meetings of shareholders of the Company were legal and valid, and all the meetings were witnessed by lawyers on site. In addition, the Company provided online voting method to shareholders to protect the legitimate rights and interests of minority investors.

The Company Distributes About RMB 711 Million in Cash Dividends (2016-2023)



3 Creditors' Equity

The Company has no bad credit record in bank credit, no outstanding bonds in the bond market in 2023, and no default in the bond market.

04

Changhong Builds a Green Home

Around China's dual carbon goals, we have made great efforts to accomplish the energy conservation and emission reduction targets set in the 14th Five-Year Plan. Aligning with the Company's overall strategy, we have formulated clear objectives and long-term plans to address climate change, and strictly implemented relevant national policies on energy conservation and emission reduction. We have been optimizing designs and processes, exploring environmental protection system construction and climate risk management, seeking a development path harmonious with nature, and reducing the environmental load from the source. In 2023, the Company saw a significant decrease in the overall intensity of water resources consumption, and an increase in the proportion of recycled materials compared to the previous year.



Improve Environmental Protection System

Sichuan Changhong has established an environmental management system since 1999, and successfully passed the third-party certification review in 2002. It is the first enterprise in Mianyang to pass the environmental management system certification. The Company has passed ISO14001 environmental management system certification. Through systematic development, the environmental management of the Company is more scientific, standardized and procedural, thus improving the environmental management level and environmental performance. The Company strictly abides by environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promotion of Cleaner Production, the Environmental Impact Assessment Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution.

The Company has formulated the Procedures for Acquisition and Identification of Laws, Regulations and Other Requirements (QG/JJ16.016), established a management system for identification, acquisition, updating and application of environmental regulations and standards, identified and evaluated environment-related risks and opportunities, so as to take scientific and effective measures. According to the Self-monitoring Technology Guide-lines for Pollution Sources—General Rule and relevant requirements of pollutant discharge permit, the Company has formulated an environmental monitoring plan based on the surrounding environment, actual situation of pollutant discharge

and supervision. In 2023, the monitoring results showed that the pollutants from the Group's pollutant discharge units all met the discharge standards of relevant laws and regulations. No penalties related to environmental protection have been imposed on the units of the Group.

For the preparation for and response to environmental emergencies, the Company has formulated the Response Plan for Environmental Emergencies to effectively prevent and address environmental emergencies and reduce its property losses. The Company organized the 2023 "June 5 World Environment Day" publicity campaign, and enhanced the awareness of environmental protection among all employees by carrying out activities such as cultivating ecological ethics, promoting ecological culture, encouraging them to offer suggestions based on their own posts and conducting contests on environmental protection knowledge.

The Group has required all pollutant discharge units to sign the Responsibility Statement for Work Safety and Environmental Objectives, which defines the standards, objectives and assessment requirements of environmental management, and helps enhance the awareness of personnel at all levels to fulfill their responsibilities. The Group carries out environmental protection inspection on relevant units through daily inspection, special supervision and third-party certification review, praises the units and individuals with excellent performance in environmental protection work, strictly rectifies potential environmental hazards, and implements environmental protection responsibilities through multi-level supervision.



Seek Revenue Increase and Expenditure Reduction

1 Water Conservation

Use of water resources

Year	Total Water Used (t)	Intensity of Water Consumption (t/RMB 10,000)
2022	3,807,741.00	0.80
2023	3,818,417.11	0.70
% Change (YOY)	0.28	-12.08

Notes: The statistical scope includes the major manufacturing units such as Sichuan Changhong, Guangdong Changhong Electronics, Changhong Air Conditioner, Sichuan Changhong Package Printing, Sichuan Changhong NeoNet Technologies, Sichuan Changhong Molding Technology, Sichuan Changhong Component Technology, Sichuan Changhong Precision Electronics Tech, Lingbayi Electronics Group, Sichuan Changhong Jijia Fine, Sichuan Changhong Battery, Zhongshan Changhong Electric, Changhong Meiling (local level), and Changhong Huayi Compressor (consolidated caliber). The relevant data of the listed subsidiaries of the Company—Changhong Meiling, Changhong Huayi Compressor and Changhong Jiahua are detailed in their ESG reports 2023.

Management of water resource use



The Group has strictly abided by the Water Law of the People's Republic of China and other laws and regulations, adhered to the production philosophy of saving water and recycling water resources, actively facilitated the recycling of wastewater, continuously reduced new water consumption, and promoted the use of scientific water-saving equipment. In 2023, the intensity of water resources consumption at major manufacturing units within the statistical scope was reduced by 12.08%.



The Group adopts high-efficiency water-saving equipment, strengthens water metering, adopts multi-level metering for the water supply system, and uses automatic flushing water-saving products for sanitary ware. All water consumption equipment meets the requirements of Water-saving Domestic Water Devices (CJ164-2002).



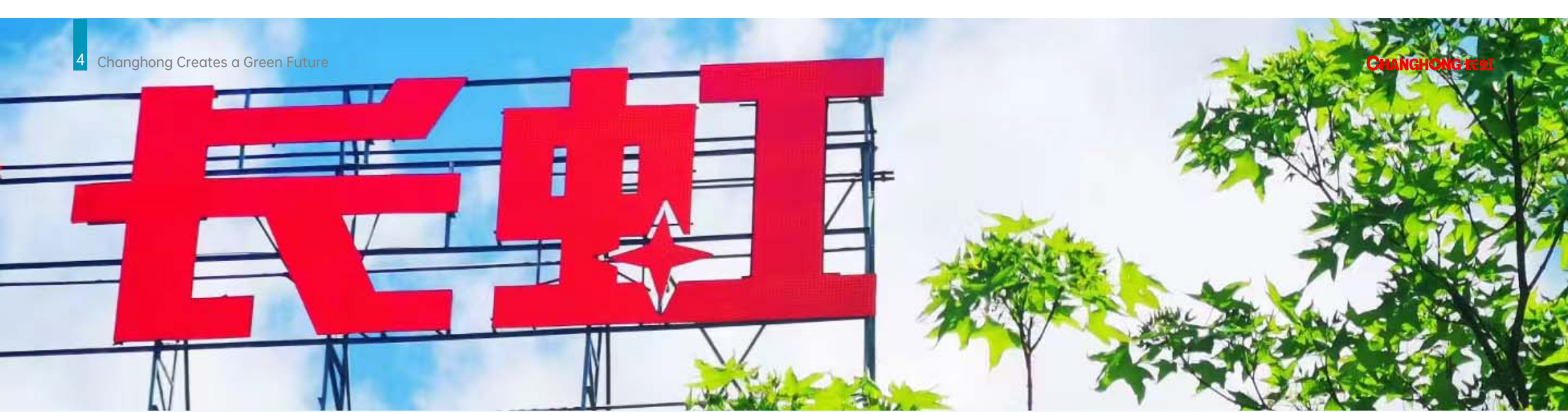
The Group uses high-efficiency and energy-saving products for cooling water equipment, such as the variable frequency speed control pump, and uses circulating water for equipment cooling system to improve the utilization rate of water.



The Group installs a reminder device at the overflow water level of the fire pool and roof tank to efficiently utilize natural precipitation, and adopts energy-saving air atomization humidification instead of traditional steam humidification in the environmental humidification system to reduce water resource consumption.



The Group plants drought-tolerant vegetation in the park to reduce irrigation and save water.



2 Recycled Materials

Material use

Unit (ton)	2022	2023	YoY Increase or Decrease (%)
Total consumption of materials	675,852.05	831,388.16	23.01
Consumption of packaging materials	47,097.21	70,728.22	50.17

Statistical scope: Major manufacturing units such as Sichuan Changhong, Guangdong Changhong Electronics, Changhong Air Conditioner, Sichuan Changhong Package Printing, Sichuan Changhong NeoNet Technologies, Sichuan Changhong Molding Technology, Sichuan Changhong Component Technology, Sichuan Changhong Precision Electronics Tech, Lingbayi Electronics Group, Sichuan Changhong Jijia Fine, Sichuan Changhong Battery, and Zhongshan Changhong Electric.



In 2023, the proportion of recycled materials increased by 11.32% compared with the previous year

Management of material use

In strict accordance with national and industry standards such as Administrative Measures on Restricted Use of Hazardous Substances in Electrical and Electronic Products, and Requirements of Concentration Limits for Certain Restricted Substances in Electrical and Electronic Products (GB/T26572), the Group strictly complies with requirements of Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) on its product material list to increase the proportion of recyclable materials used in products. In 2023, the proportion of recyclable materials increased by 11.32% compared with the previous year. The Group is making every effort to reduce the adverse impact of electrical and electronic products on the environment. The Group scientifically manages product materials through R3 and MES systems. It has established material waste control mechanisms to track inventory status in real time through intelligent shelves, ensure systematic and reasonable use of materials, and avoid material over-stocking and shortages. The Company actively promotes the electronic office, reducing the use of paper documents to save natural resources and ease environmental burden.

3 Energy Conservation

Energy use

Year	Gasoline (t)	Diesel (t)	Natural Gas (10,000 m ³)	Purchased Electricity (10,000 kWh)	The Company's own PV/waste heat/wind power generation (10,000 kWh)	Heat (steam) (GJ)	Fuels converted from fossil fuels such as waste oil (tce)	Energy consumption intensity (tce/RMB 1 million)
2021	173.81	612.28	1,464.33	40,728.46	72.91	147,935.78	675.14	1.95
2022	147.53	635.124	1,443.88	42,720.93	226.87	136,786.00	1,072.56	1.65
2023	144.89	548.81	1,588.27	44,163.69	600.38	125,233.80	0.00	1.50

Notes: The statistical scope includes the major manufacturing units such as Sichuan Changhong, Guangdong Changhong Electronics, Changhong Air Conditioner, Sichuan Changhong Package Printing, Sichuan Changhong NeoNet Technologies, Sichuan Changhong Molding Technology, Sichuan Changhong Component Technology, Sichuan Changhong Precision Electronics Tech, Lingbayi Electronics Group, Sichuan Changhong Jijia Fine, Sichuan Changhong Battery, Zhongshan Changhong Electric, Changhong Meiling (local level), and Changhong Huayi Compressor (consolidated caliber). The relevant data of the listed subsidiaries of the Company—Changhong Meiling, Changhong Huayi Compressor and Changhong Jiahua are detailed in their ESG reports 2023.

Energy-saving targets, energy use and energy-saving management

The Group complies with relevant laws and regulations such as Law of the People's Republic of China on Energy Conservation, Electric Power Law of the People's Republic of China, and Circular Economy Promotion Law of the People's Republic of China, and it has formulated Energy Management Measures, and Energy Conservation Management and Assessment Methods (Trial). It conscientiously implements energy management policies, uses green and clean energy, equips itself with energy-saving production equipment, improves energy utilization efficiency and economic benefits, protects and improves the environment, and promotes sustainable development of production and operation.

The Company has set up an energy conservation and emission reduction promotion team to carry out relevant work. The Company's Energy and Power Operation Center organized all production units of the Company to carry out strict energy checks from the original records of energy management to all the use of water, electricity, gas and steam. In the 105 on-site energy checks conducted in 2023, the Company found 18 problems of spilling, dripping and leakage and 34 hidden dangers in energy consumption, and gave guidance to complete the rectification of the problems. All units were organized to carry out process energy-saving projects. In 2023, a total of 26 process energy-saving transformation projects were completed, generating an annual economic benefit of RMB 2,445,500.

Enhance Pollution Prevention and Control

1 Wastewater Discharge Reduction

Discharge of wastewater pollutants

Discharge Concentration of Wastewater Pollutants (mg/L)												
Discharge units	SS	COD	TN	TP	Cr VI	Ammonia nitrogen	TZn	TCr	TNi	BOD5	Exceeding the standards	Standards for wastewater discharge implemented
Zhongshan Changhong Electric	<6.5	<20.75	<1.44	<0.02	/	<0.29	/	/	/	<5.98	No	Discharge Limits of Water Pollutants (DB44/26-2001)
Sichuan Changhong Battery	<6.888	<6.052	<28.66	<0.0475	/	<0.8418	<0.0078	/	<0.0172	/	No	Emission Standard of Pollutants for Battery Industry
Sichuan Changhong Jijia Fine	<66	<197.58	<55	<1.23	<0.03	<4.19	<0.96	<0.08	<0.30	/	No	Emission Standard of Pollutants for Electroplating (GB21900-2008) Wastewater Quality Standards for Discharge to Municipal Sewers (GB119162-2015)
Sichuan Changhong Component Technology	<17	<48.1078	<4.88	<0.21	/	<2.14	/	/	/	/	No	Indirect Discharge Standard of the Discharge Standard of Water Pollutants for Electronic Industry (GB39731-2020)
Lingbayi Tianyuan	<8	<67	<10.2	<0.14	<0.01	<4.80	<0.17	<0.84	<0.36	/	No	Emission Standard of Pollutants for Electroplating (GB21900-2008)
Guangdong Changhong Electronics	/	<14.4	/	<0.38	/	<0.934	/	/	/	/	No	Discharge Limits of Water Pollutants (DB44/26-2001)

Note: "/" indicates that the concentration is not detected. The maximum value of annual monitoring is taken as the discharge concentration, and the discharge amount refers to the maximum throughout the year. The total discharge amount "-" indicates that it cannot be accounted for because the concentration is not detected. The statistical scope covers the major units of the Group that discharge industrial wastewater.

Discharge Amount of Wastewater Pollutants (kg)												
Discharge units	SS	COD	TN	TP	Cr VI	Ammonia nitrogen	TZn	TCr	TNi	BOD5	Exceeding the standards	Standards for wastewater discharge implemented
Zhongshan Changhong Electric	13.95	44.54	3.10	0.04	-	0.61	-	-	-	12.82	No	Discharge Limits of Water Pollutants (DB44/26-2001)
Sichuan Changhong Battery	386.86	331.00	1,609.66	2.67	-	42.28	0.44	-	0.84	-	No	Emission Standard of Pollutants for Battery Industry
Sichuan Changhong Jijia Fine	1811.69	5,285.34	672.58	83.37	0.68	41.56	21.78	1.80	2.19	-	No	Emission Standard of Pollutants for Electroplating (GB21900-2008) Wastewater Quality Standards for Discharge to Municipal Sewers (GB119162-2015)
Sichuan Changhong Component Technology	341.35	1026.36	97.29	4.27	-	31.30	-	-	-	-	No	Indirect Discharge Standard of the Discharge Standard of Water Pollutants for Electronic Industry (GB39731-2020)
Sichuan Tianyuan Machinery of 081 Electronics Group Co., Ltd	305.96	2562.48	390.10	5.35	0.42	178.99	6.50	30.03	13.76	-	No	Emission Standard of Pollutants for Electroplating (GB21900-2008)
Guangdong Changhong Electronics	-	0.71	-	0.02	-	0.05	-	-	-	-	No	Discharge Limits of Water Pollutants (DB44/26-2001)

Note: "/" indicates that the concentration is not detected. The maximum value of annual monitoring is taken as the discharge concentration, and the discharge amount refers to the maximum throughout the year. The total discharge amount "-" indicates that it cannot be accounted for because the concentration is not detected. All units of Sichuan Changhong that discharge industrial wastewater are disclosed.

Wastewater management and emission reduction

Zhongshan Changhong Electric

The self-built sewage treatment station adopts the "physicochemical + biochemical process", and is commissioned to a professional organization for operation. Automatic detection equipment is used to test wastewater every day, and the wastewater will be discharged after reaching the standard. A reclaimed water reuse system is installed, with a wastewater reuse rate of 60%, to reduce wastewater discharge.

Lingbayi Electronics Group

Recycle industrial wastewater to wastewater treatment station for reverse osmosis, evaporation and recycling to achieve zero discharge of wastewater; build a 500-cubic-meter fire wastewater pool to collect fire wastewater and industrial chemicals and carry out harmless treatment.

Sichuan Changhong Battery

Set up a special water resource treatment center for unified treatment of production wastewater, adopt the process of "chemical precipitation + PH adjustment + coagulation + quartz sand filtration" and reuse water treatment system for "activated carbon + quartz sand + reverse osmosis" purification; build online monitoring facilities for wastewater treatment, network and monitor in real time with the local ecological environment bureau, with a reuse water volume of 90,500 tons in 2023.

Sichuan Changhong Package Printing

Treat the ink-washing wastewater from the Packaging and Printing Industrial Park in Mianyang Economic and Technological Development Zone with the environmental protection treatment system, and reuse all the reclaimed water after treatment for gelatin production to achieve zero discharge; discharge pre-treated production sewage into the municipal sewage pipe network with up-to-standard discharge test reports.

Sichuan Changhong Component Technology

Build a sewage treatment station on the printed board production line, temporarily store treated industrial wastewater in the reuse pool after meeting the indirect discharge standard of the Discharge Standard of Water Pollutants for Electronic Industry (GB39731-2020), reuse nearly 50% of the industrial wastewater for production, and discharge the rest to the sewage treatment plant through the urban industrial sewage pipe network for further treatment.



2 Waste Gas Emission Reduction

Waste gas emissions

Emission Concentration of Waste Gas Pollutants (mg/m ³)						
Discharge units	SOx	NOx	PM	VOCs	Exceeding the standards	Standards for waste gas emissions implemented
Changhong Air Conditioner	<10	<3	<20	<29.9	No	Grade 2 standard of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Table 3 of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong	/	/	<120	<2.2	No	Table 3 of DB51/2377-2017
Zhongshan Changhong Electric	<6	<19.75	<40	<2.73	No	Standards for Emission Limits of Air Pollutants (DB44/27-2001), and Emission Standards for Odor Pollutants (GB14554-93)
Sichuan Changhong Battery	<0.4383	<3	<1.59	<3.72	No	Emission Standard of Pollutants for Battery Industry, Integrated Emission Standard of Air Pollutants, and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province
Sichuan Changhong Jijia Fine	<25	<87	<37.6	<11.9	No	Emission Standard of Pollutants for Electroplating (GB21900-2008), Integrated Emission Standard of Air Pollutants (GB16297-1996), Emission Standard of Air Pollutants for Boilers (GB13271-2014) and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong Molding Technology	<21	<73	<4.68	<4.8	No	Emission Standard of Pollutants for Synthetic Resin Industry, and Emission Standard of Air Pollutants for Boilers
Sichuan Changhong NeoNet Technologies	/	/	<20	<26.6	No	Grade 2 standard of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong Component Technology	<3	<15	<12.4	<7.14	No	Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017) and Integrated Emission Standard of Air Pollutants (GB16297-1996)
Sichuan Changhong Precision Electronics Tech	/	/	<2.88	<3.54	No	Integrated Emission Standard of Air Pollutants
Sichuan Changhong Package Printing	/	/	/	<2.72	No	Table 3 of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province
Lingbayi Electronics Group	/	/	/	<7.08	No	Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Lingbayi Tianyuan	/	<1.5	<75.4	/	No	Table 2 of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Table 3 Surface Coating of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Guangdong Changhong Electronics	/	/	/	<1.19	No	Emission Limits of Air Pollutants (DB44/27-2001)

Note: "/" indicates that the concentration is not detected. The maximum value of annual monitoring is taken as the discharge concentration, and the discharge amount refers to the maximum throughout the year. The total discharge amount "-" indicates that it cannot be accounted for because the concentration is not detected.

Emission amount of waste gas pollutants (kg)						
Discharge units	SOx	NOx	PM	VOCs	Exceeding the standards	Standards for waste gas emissions implemented
Changhong Air Conditioner	1140.73	722.847	844.095	4673.32	No	Grade 2 standard of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Table 3 of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong	-	-	1.3	380	No	Table 3 of DB51/2377-2017
Zhongshan Changhong Electric	620.45	2042.3	4586.7	282.31	No	Standards for Emission Limits of Air Pollutants (DB44/27-2001), and Emission Standards for Odor Pollutants (GB14554-93)
Sichuan Changhong Battery	19.63	1179.39	903.317	778.29	No	Emission Standard of Pollutants for Battery Industry, Integrated Emission Standard of Air Pollutants, and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province
Sichuan Changhong Jijia Fine	1319.67	1540.73	2732.6	1013.16	No	Emission Standard of Pollutants for Electroplating (GB21900-2008), Integrated Emission Standard of Air Pollutants (GB16297-1996), Emission Standard of Air Pollutants for Boilers (GB13271-2014) and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong Molding Technology	88	304	932.9	1280	No	Emission Standard of Pollutants for Synthetic Resin Industry, and Emission Standard of Air Pollutants for Boilers
Sichuan Changhong NeoNet Technologies	-	-	1022.58	1394.51	No	Grade 2 standard of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Sichuan Changhong Component Technology	100.41	502.03	295.14	241.53	No	Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017) and Integrated Emission Standard of Air Pollutants (GB16297-1996)
Sichuan Changhong Precision Electronics Tech	-	-	1179.22	1676.06	No	Integrated Emission Standard of Air Pollutants
Sichuan Changhong Package Printing	-	-	-	296.7	No	Table 3 of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province
Lingbayi Electronics Group	-	-	-	8.3	No	Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Lingbayi Tianyuan	-	5.13	263.15	-	No	Table 2 of Integrated Emission Standard of Air Pollutants (GB16297-1996) and Table 3 Surface Coating of Emission Standard of Atmospheric VOCs for Stationary Pollution Sources in Sichuan Province (DB51/2377-2017)
Guangdong Changhong Electronics	-	-	-	165.84	No	Emission Limits of Air Pollutants (DB44/27-2001)

Waste gas emission management and reduction measures

Changhong Air Conditioner has put into service 13 sets of special treatment facilities for waste gas from degreasing, welding fume, wave soldering and conformal coating, and improved the operation and maintenance system of various waste gas treatment facilities. In 2023, by introducing vacuum degreasing technology, it replaced all the gas degreasing equipment, and reduced degreasing waste gas from the source. In addition, it is actively promoting the technological upgrading and transformation project for environmental protection performance in Sichuan Province, targeting waste gas from wave soldering.

Guangdong Changhong Electronics adopts advanced waste gas treatment technology and equipment to ensure that the waste gas meets the national or local emission standards before discharge. At the same time, it optimizes the production process and applies clean energy and low-emission technologies to reduce the generation of waste gas.

In the production process of Sichuan Changhong, the waste gas is mainly generated from the wave soldering process. Collected in an exhaust system, the waste gas is discharged after being treated in an activated carbon adsorption and desorption catalytic combustion device and reaching the standard.

Sichuan Changhong Molding Technology has treated spraying waste gas through the RTO technology, upgraded the technology for the material storage system of injection molding machines, and introduced water-based coatings, effectively reducing waste gas emissions.

With advanced production techniques and equipment, Changhong Jijia Fine has upgraded spraying waste gas treatment facilities from the "UV photolysis method" to "spraying + filter cotton + 1 group of UV photolysis + multi-stage activated carbon", effectively reducing waste gas emissions.

The replacement rate of raw and auxiliary materials with low VOCs content in Sichuan Changhong Package Printing has reached **99%**, effectively reducing the generation of waste gas. All waste gases are discharged after being treated by waste gas treatment equipment and reaching the standard.

3 Solid Waste

Volume of solid waste (t)

Type of Solid Waste (t)	Inventory in Previous Year (t)	Waste Generated This Year (t)	Outsourcing Transfer (t)	Integrated Utilization (t)	Inventory in This Year (t)
Hazardous waste	127.96	2,086.68	2,074.01	62	78.63
General solid waste	19.57	35,402.67	13,240.58	22,155.33	26.335
Total waste	147.53	37,489.35	15,314.59	22,217.33	104.965

Note: The statistical scope of solid waste only includes the main manufacturing units such as Sichuan Changhong, Guangdong Changhong Electronics, Changhong Air Conditioner, Sichuan Changhong Package Printing, Sichuan Changhong NeoNet Technologies, Sichuan Changhong Molding Technology, Sichuan Changhong Component Technology, Sichuan Changhong Precision Electronics Tech, Lingbayi Electronics Group, Sichuan Changhong Jijia Fine, Sichuan Changhong Battery, and Zhongshan Changhong Electric.

The Group adopts strict and professional measures for the management of general solid waste and hazardous waste. The Company classifies, labels and stores general solid waste in accordance with relevant laws and regulations to ensure that their handling and disposal are compliant, and encourages employees to participate in waste reduction efforts, such as recycling plastics and other recyclable materials. The Company takes stricter management measures for hazardous waste. It classifies and marks hazardous waste to ensure that each kind of waste is properly treated and disposed of. It hands over hazardous waste to licensed units for treatment in accordance with national and local laws and regulations, so as to ensure that no harm will be caused to the environment. Moreover, it regularly supervises and inspects the generation, storage and disposal of hazardous waste to ensure that all measures are effectively implemented.

Changhong Air Conditioner has formulated Waste Management Measures, which clarifies the management responsibilities at all levels from the aspects of source prevention, process control and terminal disposal. It has also established a three-tier hazardous waste management ledger for teams, departments and the Company to comprehensively record the generation, storage, transfer and other information of hazardous waste, and finally entrusted units with hazardous waste disposal qualification to carry out standardized and harmless centralized disposal.

Sichuan Changhong (Intelligent Manufacturing Park) is equipped with a warehouse for temporary storage of hazardous waste and an area for temporary storage of general solid waste of about 460 m2. The floor of the facilities adopts fireproof and anti-leakage materials to meet the current storage requirements of solid waste, which will be collected and handed over to licensed units for compliant disposal.



Address Climate Change

1 GHG Emissions

GHG Emissions	2021	2022	2023
Direct GHG emissions (tCO2e)	31,985.99	33,292.22	33,649.31
Indirect GHG emissions from purchased energy (tCO2e)	181,524.50	175,064.44	201351.39
Total GHG emissions (tCO2e)	213,510.49	208,356.66	235000.70
GHG emissions (kgCO2e/RMB 10,000)	54.56	43.77	43.21

Note 1 The statistical scope includes the major manufacturing units such as Sichuan Changhong, Guangdong Changhong Electronics, Changhong Air Conditioner, Sichuan Changhong Package Printing, Sichuan Changhong NeoNet Technologies, Sichuan Changhong Molding Technology, Sichuan Changhong Component Technology, Sichuan Changhong Precision Electronics Tech, Lingbayi Electronics Group, Sichuan Changhong Jijia Fine, Sichuan Changhong Battery, Zhongshan Changhong Electric, Changhong Meiling (local level), and Changhong Huayi Compressor (consolidated caliber). The relevant data of the listed subsidiaries of the Company—Changhong Meiling, Changhong Huayi Compressor and Changhong Jiahua are detailed in their ESG reports 2023.

Note 2 Enterprises in Sichuan Province shall be accounted according to the Work Plan for Pilot Construction of Near-zero Carbon Emission Parks in Sichuan Province (Annex 2-3: Carbon Emission Accounting Method) issued by the Department of Ecology and Environment of Sichuan Province and Sichuan Provincial Economic and Information Department on April 24, 2022 in the Notice on the Pilot Work of Near-zero Carbon Emission Parks. Enterprises in Guangdong, Anhui and Jiangxi Provinces shall be accounted according to local emission accounting requirements.

Note 3 Due to the limitation of statistical means, data statistics on GHG emissions from employees' commuting, leased assets and raw materials are not included.



2 GHG Emission Reduction Management

The Group actively responds to the strategy of "carbon peak and carbon neutrality", upholds the concept of green development, low carbon, energy conservation and environmental protection, promotes the sustainable development of the industry with innovation and professionalism, and strives to realize the vision of a "green future". It endeavors to create the policy of responding to energy conservation and carbon reduction with full life cycle management, actively implements the green evaluation system and tools for the whole life cycle of products, comprehensively improves the ability to cope with climate change, contributes to ecological environmental protection and social-economic development, and protects human health and the earth's environment through green and energy-saving development.

The Group actively implemented the energy conservation and emission reduction targets in the "14th Five-Year Plan" period, formulated clear objectives and long-term plans to address climate change around the overall strategy of the Company, and implemented relevant national policies on energy conservation and emission reduction.

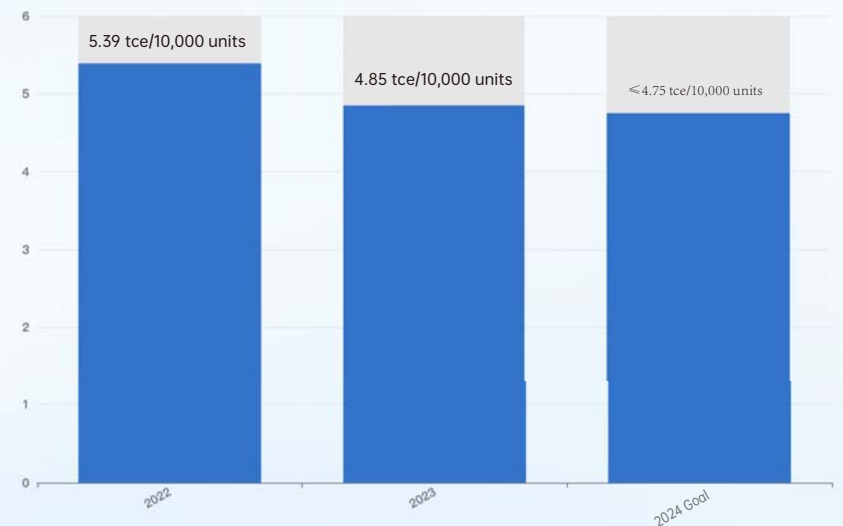


Completion of Energy-saving Targets in the "14th Five-Year Plan" Period for Main Product Units of the Company in 2023

Unit	Product	Energy Consumption in 2022	Target in 2023	Energy Consumption in 2023	Completion rate (%)
Sichuan Changhong	TV set	Comprehensive energy consumption: 4.320 tce/10,000 units	Comprehensive energy consumption < 4.537 tce/10,000 sets	Comprehensive energy consumption: 4.347 tce/10,000 units	104.19
Changhong Air Conditioner	Air conditioner	Comprehensive energy consumption: 11.988 tce/10,000 standard sets	Comprehensive energy consumption < 12.340 tce/10,000 standard sets	Comprehensive energy consumption: 11.259 tce/10,000 standard sets	106.08

In 2023, the comprehensive energy consumption of a single compressor product of Changhong Huayi Compressor is 4.85 tce/10,000 units, down 10.02% from 5.39 tce/10,000 units in 2022. The Company has passed ISO 50001:2018 energy management system certification.

Comprehensive energy consumption of products of Changhong Huayi Compressor



Display Green Environmental Protection Achievements

The Group upholds the concept of green development, low carbon, energy conservation and environmental protection, actively building green factories. It vigorously advances new green materials, production line automation, and energy-saving equipment retrofits, to create a green manufacturing system featuring green production, green products, and green recycling.

Changhong Air Conditioner

In 2023, Changhong Air Conditioner purchased 10 electric forklifts to replace traditional fuel forklifts, reducing the use of non-renewable resources, and thus decreasing carbon emissions. It developed a single-row condenser system to gradually replace double-row condensers and used small-diameter copper pipes to lower the consumption of metal resources by products. In 2023, Changhong Air Conditioner obtained 43 new energy-saving certificates for products, comprising 18 for household air conditioners (21 models in total) and 25 for central air conditioners (25 models in total). Additionally, it acquired 3 new China Environmental Labeling certificates, covering 71 models in total.

Zhongshan Changhong Electric

In 2023, Zhongshan Changhong Electric replaced the ordinary lighting fixtures along the perimeter of the factory with 50 solar-powered lights, resulting in an energy consumption reduction of 12 KW·h/day. Additionally, one old air compressor was phased out, saving energy consumption by 100 KW·h/day.

081 Electronics Group

In 2023, Lingbayi Electronics Group recycled over 800 tons of impregnated waste alkali solution for pH adjustment in heavy metal wastewater, aiming to reduce the impact of waste alkali solution discharge on wastewater treatment, lower the difficulty of wastewater treatment, and achieve energy conservation and emission reduction.

Guangdong Changhong Electronics

Guangdong Changhong Electronics, in collaboration with China Southern Power Grid Energy Efficiency and Clean Energy Co., Ltd., built photovoltaic power stations in industrial parks to promote the use of green energy. In 2023, the power generation reached 13,003,700 kWh, resulting in a cumulative CO2 emission reduction of 10,457.61 tons. Among these efforts, Guangdong Changhong Electronics purchased and utilized 3,784,500 kWh of solar power, achieving a CO2 emission reduction of 3,043.47 tons. Also in 2023, high-energy consumption molding machines were phased out in the foam plant, and eight new molding machines were installed. Through technological and equipment improvements, energy efficiency was further improved.

Sichuan Changhong Package Printing

In 2023, Changhong Packaging Printing invested in a total of nine electric forklifts to replace traditional diesel forklifts; and actively promoted the "paper instead of wood" approach, utilizing recycled paper packaging to conserve wood resources. By enhancing the pass rate of paperboard production, it reduced waste paper by over 400 tons compared to the previous year.

Changhong Huayi Compressor

Changhong Huayi Compressor has been dedicated to creating an efficient and energy-saving industrial operation model. It has devoted itself to establishing green factories, promoting the construction of national demonstration green factories, and reducing the environmental impact and resource consumption during manufacturing. In 2023, Jiaxipera Compressor Co., Ltd. was awarded the "A-Level Enterprise Green Code" by the Ministry of Industry and Information Technology's "Industrial Energy Conservation and Green Development Management Platform".

In May 2023, Changhong Huayi Compressor completed the construction of a rooftop photovoltaic power station project, which generates over 35,000 kWh of electricity daily and reduces carbon dioxide emissions by over 18 tons per day. Moreover, it has also developed the Smart Carbon Management Platform, covering carbon management and comprehensive energy real-time monitoring, to help the Company improve the use of green energy, reduce carbon emissions, and promote sustainable green development.

Changhong Meiling

Changhong Meiling has been committed to the R&D and application of low-carbon materials. It has extensively used bio-based materials in refrigerator drawers. By incorporating a certain proportion of degradable, environmentally friendly materials such as straw and bamboo powder into the raw materials, it has reduced the use of plastics, thus achieving the goal of lowering carbon emissions. It is estimated that the use of bio-based materials can reduce carbon emissions by 8.7 tons per 10,000 refrigerators. In 2023, Changhong Meiling obtained an additional 2 carbon neutrality certifications, demonstrating the Company's ongoing commitment to carbon management and contribution to a green, low-carbon future.

Sichuan Changhong Jijia Fine

Sichuan Changhong Jijia Fine has won the title of Environmental Protection Integrity Enterprise in Sichuan Province for 7 consecutive years. In 2023, its subsidiary Sichuan Changhong Hongjia Technology Co., Ltd. won the title of Environmental Protection Integrity Enterprise of Mianyang for the first time. Sichuan Changhong Jijia Fine has implemented the concept of green development with practical actions, contributing to the construction of an ecological, green home.

Sichuan ChangHong mold and plastic tech

Sichuan Changhong Molding Technology was rated as a provincial "Green Factory". The Company has vigorously pursued energy-saving transformation projects, completing energy-saving retrofitting for 143 drying machines in 2023. Additionally, technological improvements were implemented for 10 injection molding machines to upgrade the material-feeding hydraulic motors, resulting in electricity savings of over 11% per machine. Furthermore, 62 injection molding machines underwent transformations where the existing stainless steel armor or ceramic heating coils were replaced with infrared nano-insulated heating coils, achieving energy savings of over 25%.

Identify Environmental Risks and Opportunities

The Company integrates the ESG concept into the risk management process of its business, and considers climate and environment factors in business links such as supplier access and product line management. The Company identifies and evaluates the risks brought by environment and climate change based on its own operation and management, and formulates countermeasures to mitigate or avoid the negative impact of environment and climate change on the Company.

Risk identification and response

Risk Types	Risk Description	Response Measures
Physical risks	Acute physical risks Extreme conditions such as typhoon, thunder and lightning, flood, earthquake, rainstorm and blizzard may cause threat and damage to the safety of employees and property of the Company, and bring about the risk of shutdown.	Formulate the Comprehensive Emergency Plan for Work Safety Accidents and the Response Plan for Natural Disaster Accidents, pay attention to the weather conditions at all times, organize employees of the Company to carry out preventive drills, and strengthen work safety investigation and early warning.
		Prepare flood control and emergency rescue materials, and ensure that fire fighting and emergency rescue facilities are complete.
		Plan and select sites for plants, with full consideration of the safety design requirements for chemicals warehouse and hazardous waste warehouse.
		Purchase property insurance; strengthen the management of suppliers to prevent and resolve risks.
Chronic physical risks	Continuous high temperature and drought may bring risks such as production limitation, shutdown, increase of operating costs and reduction of production efficiency.	Formulate emergency plans, strengthen staff training and drills, reserve heatstroke prevention supplies and drugs to ensure personal safety.
		Increase the number of air conditioners and coolers in workshops to avoid working at high temperature; increase the capacity of emergency water reserve.
		Carry out staggered production for capacity guarantee, reasonably plan production orders, and implement standby power resources in advance to ensure the production needs of urgent orders.

Risk Types	Risk Description	Response Measures
Physical risks	Policy and legal risks The new environmental protection policy puts forward higher requirements for enterprises' environmental management, which increases the difficulty and cost of enterprises' supervision.	Pay close attention to laws and regulations, timely identify policies, laws and regulations and take corresponding measures, and continuously improve the Company's environmental management system.
	Implementation of the carbon emission trading and carbon pricing mechanism increases the business operating costs.	Actively carry out energy conservation and emission reduction, increase the proportion of clean energy, and build green factories.
	Market risk The production cost increases, and the demand for green and low-carbon products cannot be met.	Lay out green technologies in advance and actively develop green and low-carbon products to meet consumer needs.
Reputation risk	Negative feedback results from poor performance in addressing climate change.	Actively respond to climate change and enhance the Company's sustainable development ability.

Opportunities from environment and climate change

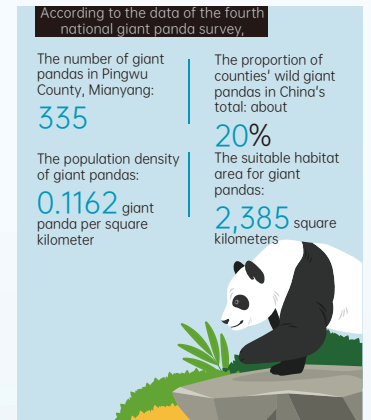
Items	Opportunities	Measures
Products and services	There are plenty of opportunities in low-carbon technology, green products and services, as well as the industrial application of high-energy-efficiency technologies and new energy.	Promote industrial upgrading and transformation, promote the development of green design and green manufacturing, make forward-looking and innovative product planning, and adhere to differentiated green product layout.
Resources	Response to energy conservation and emission reduction policies may bring relevant policy and financial support.	Identify and respond to government supportive policies and green projects.
Markets	The demand for consumption upgrading of green and smart home appliances is increasingly strong, and the iterative update wave of the home appliance market appears. Demand for home health increases, and changes in users' preferences expands green market demand.	Actively explore the application of new technologies and processes to improve resource use efficiency and reduce energy costs; Identify and participate in emerging markets; Adapt to the market demand, seize the window period of consumption upgrading in home appliance industry, and formulate marketing strategies.

Preserve Biodiversity

Recognizing the preciousness of natural resources, the Group remains committed to their rational development and utilization, resolutely avoiding overexploitation and misuse to ensure the sustainable use of resources and thus conserve biodiversity. Under the management of the Group, all units strictly follow the regulations in their production and operation activities to ensure that there is no negative impact on local biodiversity.

To conserve biodiversity in the place where the Company headquarters is located, we have actively taken a series of energy conservation and emission reduction measures. The Company not only promotes the concept of green office and green travel, but also uniformly uses energy-saving LED light bulbs, provides commuter shuttle buses for employees, and encourages employees to commute by public transport to reduce greenhouse gas emissions.

It is worth mentioning that Mianyang City's Pingwu County, where the Company headquarters is located, is known as "No.1 County for Giant Pandas in the World". As an important representative of biodiversity, giant pandas have extremely high requirements for the living environment in such aspects as climate and temperature, which also indirectly reflects that the Company does not cause any negative impact on local biodiversity.



Avoid Environmental Violation

In 2023, the Company had no environmental violations and was not punished by environmental protection supervision units.

05 Tech Changhong Creates a Better Life

In terms of social responsibility, we uphold the original aspiration of "serving the country through industrial development", take the initiative to fulfill our corporate social responsibilities, and proactively contribute to the rural revitalization and public welfare undertakings.

We are committed to building a transparent supply chain and working with suppliers to create a better life and future. We have built Sichuan's first state-level cross-industry "5G + Industrial Internet" platform, empowering nearly 100 enterprises in 8 industries. We have actively responded to the BRI, with export revenue exceeding RMB 10 billion in 2023.

At the same time, we have increased brand exposure overseas in various ways. Changhong brand has entered more than 40 countries and regions in Southeast Asia and Europe. Throughout the year, we have dedicated a significant amount of funds to social welfare projects, and been honored with the title of "the Most Charitable Donating Enterprise" in the 4th Sichuan Charity Awards.



Protect Employee Rights and Safety

1 Recruitment and Employment

The Group has strictly abided by relevant national laws and regulations, such as the Civil Code of the People's Republic of China, the Labour Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on Promotion of Employment, and the Provisions on Prohibition of Child Labour, as well as applicable laws and regulations in overseas operating locations. It has respected and protected the legitimate rights and interests of employees, created an equal and diversified working environment, and striven to build harmonious and win-win labor relations.

Recruitment policies and implementation

The Company has established employment and recruitment systems such as Recruitment Management Measures. It always adheres to the value on talent and recruitment principle of "prioritizing employment, highlighting fitness; recruiting diverse talent from across the world; emphasizing fairness and justice, applying scientific management". The Company has encouraged flexible talent acquisition, set no restrictions on the way of talent introduction, and recruited talent regardless of nationality, region, or gender. Employee recruitment follows the principle of scientific management to ensure that the abilities and strengths of candidates are fully demonstrated. The recruitment process and personnel selection criteria are fair and consistent to employ the best candidates, and the talent introduction concept of "responsibility, innovation, and progressiveness" is diligently practiced.

Staff structure

Performance indicator	2023 (persons)	2022 (persons)	2021 (persons)
Active staff in parent company	4,542	4,644	4,390
Active staff in subsidiaries	41,120	42,709	42,274
Total of active staff	45,662	47,353	46,664

Specialty category	2023 (persons)	Education level	2023 (persons)
Production staff	25,112	Doctoral degree	17
Sales staff	10,053	Master's degree	632
Technical staff	2,250	Bachelor's degree	8,569
R&D staff	3,001	College degree	7,277
Financial staff	728	Others	29,167
Administration staff	3,659	Total	45,662
Management staff	414		
Other registered staff	445		
Total	45,662		

Note: "Number of active staff in subsidiary" refers to the total count of employees working within the subsidiary companies included in the financial statement consolidation scope.

Avoidance of child or forced labor

The Company has formulated regulations, such as the Employment Management Guidelines and the Human Resources Management System, to prohibit employment discrimination based on gender, age, race, religion, pregnancy, disability, and other factors and to treat all employees equally. The Company has signed labor contracts with employees according to law, followed national working hour standards, resolutely resisted any form of child labor and forced labor, and ensured employees' rights to reasonable working hours, rest, and leave. In 2023, the Company had no lawsuits arising from discrimination and did not employ child labor or engage in forced labor.

2 Employee Remuneration and Benefits

The Group has developed the value concept of "Dedication and Responsibility, Innovation and Sharing", with the realization of employees' self-worth as the goal. The Company has upheld the salary payment principle of "paying for position, competence, and performance", creating a competitive remuneration and benefits package along with a performance appraisal system for employees. It has paid salaries and related benefits in a timely manner and avoided any salary defaults, fully safeguarding the rights and interests of employees in terms of remuneration.

The Company has implemented the mechanism of paying salaries on a fixed day, and no salary default happened throughout the year. With the system of collective discussions on salaries, the Company has ensured reasonable income growth for its employees. The Company has provided employees with the "social insurance and housing provident fund" and offered them practical support, including caring assistance, psychological assistance (EAP), housing assistance, health checks, cultural activities, and rewards for educational advancement. The Company has been increasing its investment to ensure employees' health, earning recognition and appreciation from its workforce. "Employees are the most valuable asset of companies." Employee satisfaction is the cornerstone. The Company always respects, relies on, trains, and develops its employees, fully tapping into their potential. It has incorporated individual value aspirations into its future development and advanced sustainable business growth by continuously contributing to the realization of employees' self-worth.



3 Employee Health and Safety

The Company has passed the ISO45001 Occupational Health and Safety Management System Certification and Level II Enterprise for Work Safety Standardization Certification. Upholding a people-oriented approach, the Company has placed great emphasis on employees' occupational health and safety. The Company has strictly abided by relevant laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Regulations on the Administration of Occupational Health at Workplaces. It has established a comprehensive occupational health and safety management system, to continuously improve the working environment of employees and effectively ensure their occupational health and safety. In 2023, the Company organized the revision of safety management systems such as the Safety Production Investment Guarantee System and the Safety Production Accident Reporting, Investigation, and Handling System while formulating and issuing a new Reward System for Potential Safety Hazard Reporting. It has strictly fulfilled its primary responsibility for safety production and perfected the dual prevention mechanism.

The Group has made great efforts to prevent and respond to safety accidents and work-related injuries of employees, establishing all-around preventive measures. First, the Group has intensified potential hazard identification and control by conducting special inspections to address significant hazards. In 2023, 8,605 hazards were identified, with 8,459 rectified and over RMB 10.78 million invested in rectification. Second, emphasis has been placed on developing professional capabilities. The Company has systematically carried out education and training programs around the improvement of safety production management skills and professional quality. Throughout the year, it conducted safety training for 31,002 new employees and occupational health training for 19,824 employees, effectively raising safety awareness and competence across the workforce. Third, the Company has prioritized emergency system development. Taking into account the characteristics of risks in safety production, natural disasters, and the environment, the Company has been refining emergency plans, strengthening the building of emergency rescue teams, and standardizing the emergency equipment and material management. It has established a joint patrol and action mechanism involving workshops, units, and industrial parks, carrying out targeted training and emergency drills to enhance emergency response capabilities. A total of 594 drills were organized throughout the year, with 32,950 participants.

The Company has insisted on carrying out pre-employment, on-the-job, and post-employment occupational health checks for employees in special positions. A total of 5,481 health checks were conducted throughout the year, with a health check rate of 100%, effectively ensuring the health of the workforce.



4 Employee Development and Training

The Company has put forward the talent training proposal of "training for performance, empowerment, and development", established a training system with headquarters and BUs as the key participants, and implemented tailored training programs according to local conditions. Training at different levels has different focuses: at the headquarters level, innovative management training for managerial staff is the priority; at the BU level, the emphasis is on business skills improvement. At the headquarters level, the primary focus is on implementing "training for development." Training centers have been established to cultivate technological talent by leveraging the Company's national-level technology centers and cutting-edge laboratories as well as operation and management professionals in collaboration with prestigious universities at home and abroad, such as Tsinghua University and University of Electronic Science and Technology of China. Special research projects and innovative industry incubation programs have been conducted in line with future industrial development. The chief emphasis has been laid on developing management talent, key professionals, high-skilled individuals, and new employees. At the BU level, the primary focus is on implementing "training for empowerment". Designed for business growth, training at this level aims to develop professional talent and business management experts. Targeted trainees include primary-level managerial staff, A-role and B-role successors, professionals, and skilled employees. The goal is to enhance employees' business capabilities and operational skills.

The Company has provided employees with "dual-track" career development paths consisting of the professional track and the management track. It has established clear career development paths for employees based on individual preferences to realize common growth. The Company conducts job-level assessments every year, taking into account employees' abilities and contributions. Employees who demonstrate outstanding performance during their tenure will be promoted to higher job levels. The Company has created a reserve officer pool, providing in-depth training on leadership and management skills, thereby strengthening the company's talent reserve. The Company has set up a multi-sequence, multi-category qualification system, which is divided hierarchically in terms of professional knowledge, skills, and key competencies. The system is updated and iterated in alignment with annual strategies, to provide learning resources for employees in the professional development track, as well as help them improve their professional capabilities and realize self-development.



5 Employee Satisfaction Improvement

The Company hopes to effectively identify its potential problems, understand the impact of its decisions on employees, ensure work efficiency and economic benefits, and improve employee satisfaction. In response to that, the Company has conducted aperiodic employee satisfaction surveys and carried out various forms of caring activities to enhance employees' sense of happiness and achievement at work and promote harmony and stability in labor relations. It has resolved labor disputes fairly and timely, protected the legitimate rights and interests of parties concerned, and handled labor disputes according to laws and regulations.

In 2023, the Company's Trade Union convened five joint meetings of leaders of workers' delegations, where they deliberated on matters such as collective discussions on salaries, work reports on potential hazard identification and control in safety production, and recommendations of employee supervisors for joint-stock companies. The Company also provided guidance and supervision on the holding of the Congress of Workers and Staff in more than ten Mianyang-based subsidiaries throughout the year. The Company has made persistent efforts to advance the development of a multi-level system of the Congress of Workers and Staff and improve the multi-level collective negotiation mechanism and the mechanism to prioritize labor dispute mediation, thereby solidifying the foundation for building harmonious labor relations.

The Company has established a labor dispute mediation and labor relations early warning system, strengthening the capacity building for multi-level labor dispute mediation. It has successively implemented the "Bringing Legal Services to the Primary Level" initiative and established mediation committees (teams) and mediators at the primary-level business units. Over 200 primary-level labor dispute mediators have attended professional training on labor and personnel disputes and obtained mediator qualification certificates through assessment. Throughout the year, following the work philosophy of "prevention as the pillar with priority given to mediation and coordination across the Company", the Company has proactively identified and resolved potential hazards within the workforce. In 2023, it dealt with many labor disputes, with a focus on safeguarding employees' rights and interests from the source and guiding them to express demands legally, rationally, and in an orderly manner.

In 2023, the Company's Trade Union continued the "Delivering Warmth in Spring, Sharing Coolness in Summer, Assisting Students in Autumn, Delivering Warmth in Winter" campaign. Throughout the year, the Company sustained the Hongkang Serious Illness Medical Assistance System, visited model workers and allowed them, frontline outstanding employees, and employees engaged in hazardous operations recuperation tours, and carried out caring initiatives such as staff welfare during major holidays, employee health check-ups, rewards for employees' children entering university, and assistance for employees in need. The Company has been improving the assistance records for employees in need, offering medical assistance for employees suffering from serious diseases, and extending help to employees whose families were in need. All year round, trade unions at all levels of the Company paid over 300 visits to employees who suffered from serious diseases and work-related injuries and were hospitalized. In 2023, 11 sessions of one-on-one offline psychological counseling services were carried out in Mianyang and Chengdu. The Company also organized more than 500 psychological care experience activities in Mianyang in collaboration with professional institutions and increased online consulting services for employees working abroad. The Company held three sessions of lectures on psychological knowledge and specialized topics throughout the year, serving more than 1,000 employees.

In 2023, the Female Workers Committee of the Company's Trade Union coordinated with Mianyang Center for Disease Control and Prevention and Mianyang Children's Hospital to give healthcare lectures for female employees and a special session for influenza vaccination for employees' children. More than 1,000 frontline female employees participated in the "Two Cancers" caring campaign for women workers by the All-China Federation of Trade Unions. To celebrate International Women's Day and International Children's Day, brand activities for female employees were continuously carried out by the Company's Trade Union, such as the talent shows by female employees, "Rose and Literature" themed reading events, Changhong Hongbao "Approaching Changhong" parent-child activity, and "Changhong Magic Cube-Dating" for young workers.

The Company's Trade Union has held traditional branded cultural and sports activities, such as "Changhong Cup" Staff Sports Games, Changhong Staff Culture and Art Season, and Changhong Carnival, making ongoing efforts to develop the Trade Union's cultural and sports activity brands. The "Changhong Cup" Staff Sports Games featured six online and offline competitions, including tug-of-war, e-sports, badminton, table tennis, basketball, and aerobics, with nearly 2,000 employees participating.



Create Transparent Supply Chain

The Company has been committed to building a transparent, efficient, digital, and intelligent supply chain, implementing full life-cycle management for suppliers covering demand and layout, sourcing and access, cooperation and evaluation, and incentives and withdrawal, and continuously improving its core competitiveness. The Company's Supply Chain Management Center has established and improved a safe and green supply chain management system through transformation and upgrading, with the goal of "safety and efficiency, optimal cost, digitization-intellectualization integration, and industrial collaboration" and in accordance with the management principle of "unified procurement management system, unified supply resource management, unified material management strategy, and unified IT system tools".

On April 20, 2023, the Company held the Changhong Supplier Conference themed "Technology-powered Changhong to Serve China through Industrial Development, Forge Ahead for Win-win Results". More than 600 attendees included representatives from over 200 domestic and foreign suppliers and people from the home appliance industry supply chain system. They gathered to seek high-quality development of the industrial chain.

1 Number and Distribution of Suppliers

By the end of 2023, the Group had 5,792 suppliers on the List of Qualified Suppliers worldwide, with domestic suppliers accounting for 99.83% and a localization ratio of 63.51%.

Distribution of domestic and foreign suppliers

Foreign suppliers: 10

0.17%



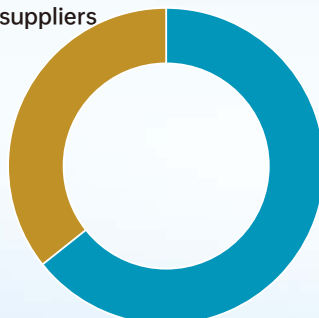
Domestic suppliers: 5,782

99.83%

Localization of domestic suppliers

Non-localized suppliers: 2,110

Domestic suppliers: 5,782



Localized suppliers: 3,672

Localization ratio: 63.51%

2 Supplier Access Management

The Company has formulated Supplier Sourcing and Access Management Specification, Supplier Risk Management Specification, Supplier Agreement Management Measures, Supplier Change Management Measures and Supplier Blacklist Management Measures and other regulations. In the supplier selection and access process, the Company has conducted strict conformity review and qualification evaluation on suppliers. The Company has required them to sign the Corporate Social Responsibility Agreement for Suppliers to strengthen the constraints and pre-review of supplier's social responsibility and safety and environmental protection risks, so as to promote the sustainable development of the supply chain.

In 2023, the Company opened a "Supplier Sourcing" section in the SPSC system, with 6,607 registered suppliers and 95% of them listed as potential suppliers. It has realized transparent and standardized management of the whole process of public supplier sourcing, qualification examination and comprehensive evaluation. The information system enables online visual operation of all links such as supplier management, procurement demand management, procurement pricing, contract signing and settlement.



3 Supply Chain Security Management

The Group has strengthened the integration of supply chain resources, analyzed market changes in time, and enhanced its ability to ensure supply chain security. It has grasped the market situation, studied responses to price fluctuations, concentrated advantageous resources to promote special bargaining and joint bargaining, integrated technology cost reduction, new resource introduction and other measures to create value for the Company, and ensured the supply chain security. The Group has also continuously refined and improved the specific requirements of each business link for share management, used information tools to improve the control process, ensured the stability of the supply chain, and protected the interests of the Company.

The Company has promoted the management of supplier lists, established an early warning mechanism for non-listed procurement, implemented online management of business agreements, technical agreements and quality agreements, and displayed the signing of basic agreements online to prevent cooperation risks. It has also reduced procurement risks through reminding purchase price rises and falls, embedding procurement pricing audits, linking advance payment contracts and applying electronic signatures.

The Company has set up a procurement tender special rectification working group to improve the quality of procurement tender rectification. In 2023, the Company inspected 908 contract projects of 48 subordinate units and 25 entities, found and rectified 8 problems. It investigated the credit risk of 855 suppliers, completed 29,743 risk investigations, and carried out compliance inspections on 408 material subcategories, with a coverage rate of 100%. The Company has promoted the management of blacklisted suppliers, strengthened the supervision of suppliers, and prevented supplier risks. As of 2023, a total of 50 suppliers had been blacklisted.

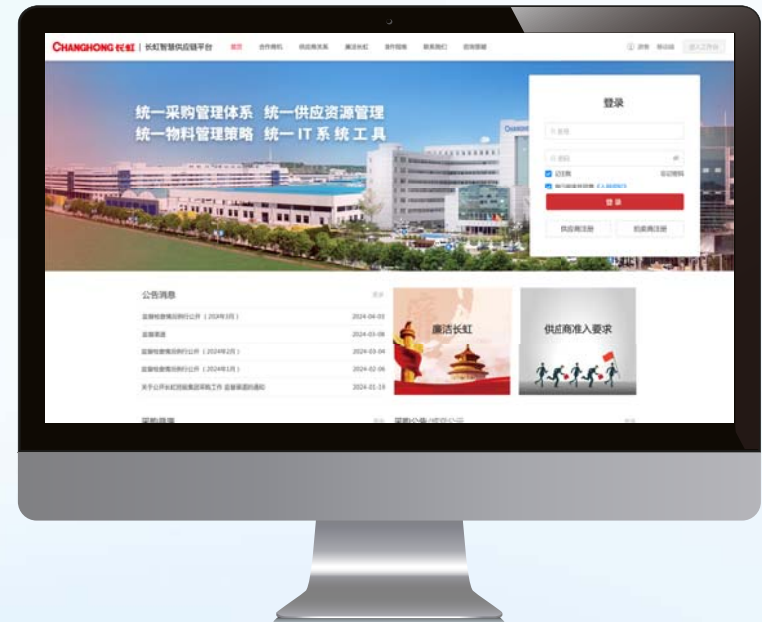


4 Incorrupt Procurement

The Company has continuously optimized the procurement management system and established an online system of full-process procurement management with advanced information technology, thus realizing the digitalization and transparency of the procurement process. It has also adhered to the "double-loop management" of people and matters, created a transparent supply chain, and put an end to corruption.

In 2023, 14 subordinate units of the Group completed the job rotation of 117 procurement personnel and 23 units completed the declaration of interests for 2,070 people. The Company has implemented the procurement qualification certification to improve the professional qualifications of procurement personnel. In 2023, a total of 243 people from 37 units participated in the certification.

The Company has established a complaint reporting mechanism, opened 170 procurement supervision channels, set up a procurement supervision mailbox (cgjc@changhong.com) and procurement supervision hotline (0816-2417561), and opened a "Supplier Complaint" section in Changhong SPSC System (<https://ecmp.changhong.com>). During the reporting period, the Company formulated 12 integrity inspection reports and supplier integrity questionnaires, and received 6 management suggestions, involving 810 suppliers, without integrity problem feedback.



Ensure Product Safety and Service Quality

1 Product Safety and Quality

The Group has insisted on creating products that consumers can trust, implemented a development strategy that emphasizes "quality as the foundation of business", and persisted in taking quality as the lifeline of products and a powerful tool for market expansion. At the same time, the Company has also adhered to the concept of "serving the country through industrial development", devoting itself to innovation and improvement in quality management. With quality as the foundation, it has contributed to informatization, played a demonstration and leading role as a role model, and striven to provide users with higher-quality products and services.

Production standardization management policies and measures

The Company has established a Safety Production Committee, set up a safety production management organization, and staffed it with safety management personnel. It has developed and improved safety management systems, such as the Safety Production Supervision and Management System, the All-staff Safety Production Accountability System, the Safety Production Inspection and Potential Hazard Identification and Rectification System, and the Safety Production Investment Guarantee System, to ensure the effective implementation of safety production efforts. In 2023, the Group achieved its annual safety production goals, with no production accidents occurring.

Quality management

Upholding the principle that "product quality is at the core of the brand", the Company has established a three-level quality management mechanism, which is supported by quality manuals, procedural documents, and management standards, based on the ISO9001 Quality Management System. The Company has been guided by users' demands for high quality, with quality control at each operational unit being central, quality supervision by the competent quality management department acting as a driver, and market quality supervision providing auxiliary support. Through collaboration and coordination, the Company has promoted the continuous and healthy improvement of product and service quality.

In 2023, the Company's quality management systems for products and services, such as TVs, refrigerators, air conditioners, washing machines, batteries, electronic devices, packaging products, spare parts, software, and warehousing and transportation, successfully passed the annual supervision and re-evaluation and expanded audit certification by CNAS accredited bodies (CEPREI Certification Body, China Quality Certification Centre) again. The Company has conducted compulsory testing and auditing on home appliances and parts listed in the Catalogue of Products Subject to China Compulsory Certification, obtained CCC certification, and received designated certificates. The Company's quality management system has fulfilled the requirements of ISO9001:2015, maintaining the validity of its certificate.

The Company has had 73 quality improvement achievements rated as national, ministerial, provincial, or municipal excellent projects. It has been awarded the title of "Advanced Unit in Quality Management Group Activities in the Electronic Information Industry" by the China Quality Management Association for Electronics Industry and the title of "Excellent Enterprise in Quality Management Group Activities of Sichuan Province" by the Sichuan Association for Quality, Sichuan Federation of Trade Unions, Sichuan Association for Science and Technology, and other units.



Intelligent R&D quality control

The Company has established an intelligent R&D management platform to ensure product quality from the source of design. In the R&D and design process, the Company has reasonably planned design and development activities according to the Design Quality Plan for New Products and other regulations. According to the design and development planning, the Company has implemented the design review mechanism for trial production, self-testing and quality verification of new products in various stages to achieve closed-loop process management.

Intelligent supply chain quality control

The Company has taken the intelligent supply chain platform as a unified basic management and control platform for procurement, realized the information-based management of the whole procurement process, and ensured the life-cycle management of materials and service suppliers. For purchased components or materials and auxiliary materials that have an important impact on product quality, the Company has implemented fixed-point procurement from qualified suppliers. For unqualified purchased materials, the Company has handled and managed them according to the corresponding measures, forming a closed loop of management and control.

Intelligent manufacturing quality control

The Company has adopted intelligent sensing technology in the product manufacturing, and used intelligent sensors to sense the quality of materials, equipment and products in real time to realize intelligent data collection and monitoring. It has also adopted automatic detection technology to realize the whole-process automatic detection of materials, equipment and products, thus ensuring the consistency and stability of product quality.



Product recalls and withdrawals

The Company has placed high importance on product safety and quality, with no product recall or withdrawal occurring in 2023.

The Company has issued the User Complaint Management Measures and management measures on product return and exchange procedures. Adhering to the user experience-centered approach, it has ensured that user complaints could be addressed promptly and effectively, continuously ameliorated product quality through corrections and preventive measures, and improved customer satisfaction.

2 Customer Service System

Following the service philosophy of "putting users at the center of everything", the Group has been committed to providing customers with systematic service solutions and end users with one-stop packaged services. The Group has a complete service quality control system to ensure the smooth flow and closed-loop management of service orders. It has put into practice a series of standardized service specifications and service management system documents concerning information access standards, door-to-door service execution standards, evaluation management, service order upgrade management, and complaint management, to ensure service quality and improve customer satisfaction.

The Group has established 7 regional service centers, 31 branches, over 10,000 authorized service providers, and more than 12,000 service outlets in villages, towns, counties, and cities across the country. At least 20,000 star-rated certified service engineers have been working to provide "7x24 hours" service response. The Group has set up a customer call center and opened the national unified customer service hotlines 4008111666 and 4006111666. The Company has been committed to providing users with systematic service solutions throughout the pre-sale, in-sale, and after-sale stages and packaged services such as consumer consultation, product installation and maintenance, and cleaning and maintenance of whole-house home appliances. With such efforts, it has become an electric appliance service expert around consumers.

The Group has

7 regional service centers

31 branches

More than 10,000 special service providers

More than 12,000 service outlets in cities, counties, towns and villages

More than 20,000 star-rated service engineers to provide 7/24 services



Customer satisfaction survey

The Company has conducted service surveys on customers according to the Customer Satisfaction Evaluation Control Procedure, to gain in-depth insights into their service needs, gradually improve service quality and reputation, and boost customer loyalty. In 2023, the Company's customer satisfaction rate reached 99.20%, showing a steady increase from the previous year, and it was successfully selected as the 2023 "National Leading Enterprise in Home Appliance After-Sales Service".

Annual customer satisfaction in 2023

99.20%

Selected as 2023

"National Leading Enterprise in Home Appliance After-Sales Service"



Customer complaint management

To continuously strengthen customer relations and understand customer needs, the Company has incorporated customer complaints, negative public opinions and other information into complaint management. The Company has formulated the Management Measures for Customer Complaints, which clarifies the definition of complaints, the division of complaint responsibilities and the complaint handling process, etc. It has also analyzed the complaint information, ensured timely circulation, coordination tracking, and upgrading handling according to the information feedback process, and followed up the handling progress and results, forming a management closed-loop of customer problem handling.

In 2023, supported by after-sales service system

Handled more than 500 customer complaints

Complaint handling rate 100%

Accelerate Innovation-led Development

1 R&D and Innovation Management System

The Group has been viewing innovation as the perpetual driving force for corporate development, resolutely putting into practice an "innovation-led" approach to propel its high-quality development and nurture new productive forces. Aspiring to provide "integrated solutions with specialized technology as the core", the Company has intensified the intelligent and digital transformation of traditional industries. It has strengthened process technologies, developed intelligent manufacturing, and supported the empowerment of main businesses and the industry as a whole as well as the development of new businesses.

The Company's R&D innovation management system can be referred to as "a three-tier system with two tasks". The "two tasks" are serving national strategies and achieving self-reliance and control, as well as creating industry-leading hard and core technologies. Regarding the construction of a "three-tier technological innovation system", the Company has focused on three key areas. First, it has built lighthouse laboratories, primarily focusing on "applied basic research" and targeting state-of-the-art technologies such as AI and information security to ensure the Company's long-term competitiveness. Second, it has built competitiveness laboratories for "innovative application and product development". The Company has developed a wide range of key technologies and core products in cloud computing, industrial Internet, image quality and audio, precise variable frequency, and other aspects to ensure its current competitiveness. Third, it has shaped the Changhong technology ecosystem with existing products, technologies, data, and innovation platforms to foster open innovation. Through project collaborations, joint laboratories, and other initiatives, the Company has created a technology ecosystem that provides sustained momentum for technological innovation.

The Group has prioritized the "talent-led" strategy, especially the introduction of technological innovation professionals. With optimal policies and courageous initiatives, the Company has constructed a "pyramid" of innovative talent. Relying on 13 R&D and innovation bases in Chengdu, Mianyang, and other cities, the Company has offered high remuneration to pool top-notch talent in cutting-edge technology fields such as AI, information security, and big data from different regions. Focusing on emerging industries like IoT and computing storage, the Company aims at leapfrog development. It has vigorously implemented talent recruitment programs via strategies such as industrial M&A and the establishment of branches in different locations. Moreover, the Company has kept a close eye on high-quality and professionally-trained outstanding graduates, continuously injecting "fresh blood" for ongoing development.



2 R&D Investment

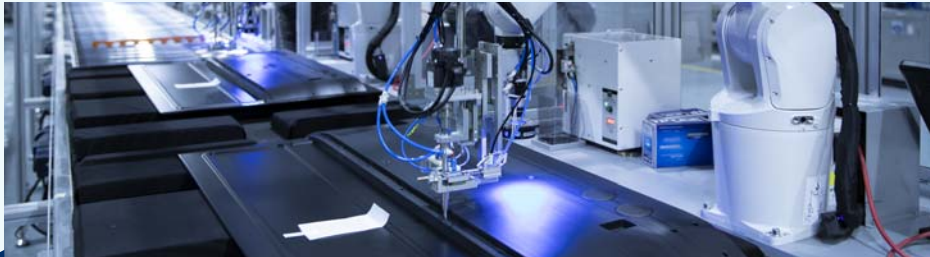
Performance indicator	2021 (RMB 10,000)	2022 (RMB 10,000)	2023 (RMB 10,000)
Current expensed R&D investment	197,408.28	213,204.70	221,349.67
Current capitalized R&D investment	68,380.17	45,059.67	27,698.49
Total R&D investment	265,788.45	258,264.37	249,048.16
% of total R&D investment in operating revenue	2.67	2.79	2.56
% of capitalized R&D investment	25.73	17.45	11.12



3 Technological Innovation

The Company has been committed to implementing the digital transformation strategy targeting the Internet of Things (IoT). It has developed integrated solutions for "smart home" and "intelligent manufacturing", to achieve a more comfortable smart home interactive experience, catering to users' needs for a better life. In 2016, the Company became a pioneer in applying AI to home appliances such as TVs, refrigerators, and air conditioners. In 2023, it launched the world's first AI platform for smart home appliances based on large models, leading the smart home into the era of Artificial General Intelligence at a faster pace. At the same time, in the field of intelligent manufacturing, AI, big data, edge computing, and other technologies have been employed to greatly improve the efficiency of intelligent manufacturing and accelerate the process of "intelligent and digital transformation".

The Company has further promoted new industrialization and digital transformation, vigorously stimulated the high-end, intelligent, green, and integrated development of the manufacturing industry, and comprehensively implemented intelligent and green upgrading and reconstruction of equipment, production lines, and factories.



The Company has intelligitized **65** manufacturing plants around the world, built Sichuan's first national cross-industry and cross-domain industrial internet platform, and served nearly **100** enterprises in **8** industries



Drive the digital transformation and high-quality development of related industries and upstream and downstream enterprises



Changhong Yunfan AI Platform

In November 2023, the Changhong Intelligent AI Platform Launch Conference with the theme of "Technology Serves Better Life" was held in Mianyang, marking the official launch of Changhong Yunfan AI Platform!

Changhong Yunfan AI Platform has five core capabilities: multi-modal interaction, multi-dimensional perception, multi-level comprehension, multi-task management and content association. It provides five innovative scenarios: full-scenario AI dialogue, AI mural, oral tutoring, general knowledge quiz and generative content creation. This marks Changhong's first application of generative AI on TV terminals. With professional training models and self-developed AI technology, the platform is the world's first intelligent home appliance AI platform based on large models, taking the intelligent development of home appliances to a new stage. Changhong has also released the NearLink TV, the world's first TV with super connectivity. It adopts Chinese innovative communication technology, with lower energy consumption, faster speed, less latency, more stable connection, wider coverage and stronger networking capability. It is an intelligent control center of home entertainment, which provides a better entertainment experience.

Changhong Meiling

Through innovation platforms such as national postdoctoral scientific research workstation, national enterprise technology center and national industrial design center, Changhong Meiling has made consistent efforts to develop the core technologies of energy conservation, heat dissipation and freshness preservation.

At the launch event of "Glorious Launch of Meiling Frozen Fresh Series Refrigerator" in 2023, the frozen fresh series refrigerator was launched, bringing the refrigerator industry into a brand-new "Fresh Frozen Era". It pioneers the overhead constant temperature fresh-freezing system. With overhead constant freezing, fresh-keeping soft air and constant-humidity freezing technologies, it masters the key mechanism of the influence of temperature changes on food preservation in different temperature zones through research. It solves the bottleneck problems such as severe temperature fluctuations and large temperature rise of defrosting that accelerate quality deterioration during food storage. It keeps the core temperature fluctuation of food within $\pm 0.1^{\circ}\text{C}$, prolongs the food preservation period by more than 4 times, keeps the maximum temperature rise of defrosting within 12°C , reduces the breeding rate of food bacteria by more than 50%, reduces volatile basic nitrogen by more than 30%, and increases the retention rate of delicious and nutrient substances by more than 50%. It completely subverts the technical principle of "repeated freezing with sudden cooling and heating" in traditional refrigerators, realizing "windless and dynamic effects" on the surface of fresh meat cells.

Changhong Huayi Compressor

Its "5511" Technological Innovation Platform Construction Project (Jiangxi Key Laboratory of High-efficiency and Energy-saving Compressors) passed the acceptance by Science and Technology Department of Jiangxi Province on September 20, 2023.

Relying on the platform, Changhong Huayi Compressor passed relevant project assessments, built compressor performance laboratory, compressor material analysis laboratory, compressor reliability laboratory, thermodynamics and fluid mechanics laboratory, friction and lubrication laboratory, acoustics laboratory and other high-efficiency and energy-saving compressor laboratories, built and industrialized pilot lines for commercial compressors and high-efficiency inverter compressors. It has won 2 provincial and ministerial awards, completed 56 technical patent authorizations, including 10 invention patents, 42 utility models, 4 appearance patents, developed more than 50 new products and processes, and promoted 36 technology transfer projects.

Changhong Jiahua

With its excellent comprehensive digital and intelligent service capabilities, Changhong Jiahua made the list of 2023 "Top 100 Digital Trade Enterprises" of the 2nd Global Digital Trade Expo. It was the only Sichuan enterprise on the list.

After years of development in the ICT industry, Changhong Jiahua has cooperated with more than 10,000 core agents and hundreds of brand manufacturers, with strong economic strength and rich service experience. It has professional technical service capabilities and advantageous resources in innovative businesses such as cloud application, metaverse and security. It provides strong support and guarantee for the construction and development of digital trade industry chain.

Changhong Air Conditioner

'With the advantages of provincial technology center and intellectual property rights, Changhong Air Conditioner builds a general technology platform and product platform through technological innovation and R&D efficiency improvement. It sticks to energy conservation and environmental protection, focuses on market segments, and enhances product competitiveness.

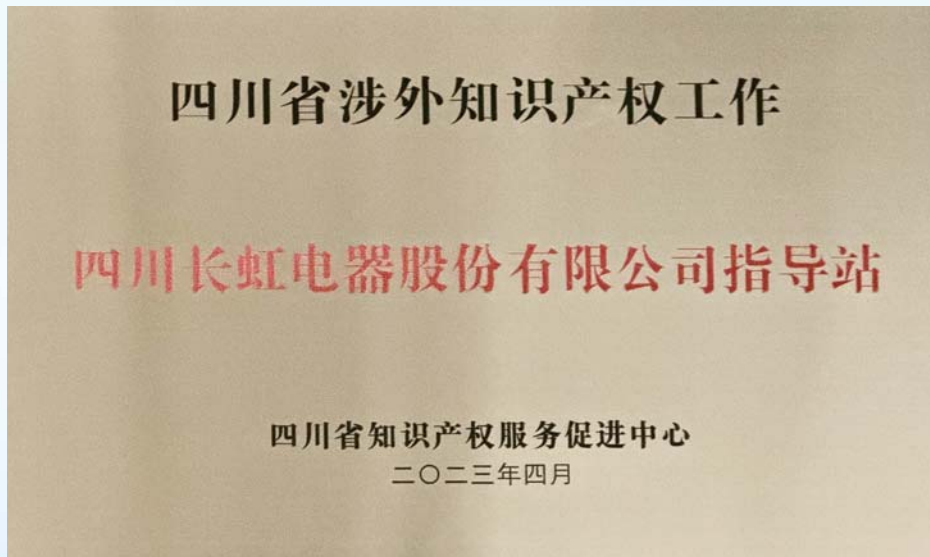
Unlike the traditional wall-mounted air conditioner with single flap, the "Double-wing Wind Series" wall-mounted air conditioner adopts innovative technology of independent partitioned air supply to realize comfortable asynchronous partitioned air supply. This series won the award of 2023-2024 China Air Conditioner Product with Outstanding Comfort and Health Performance in the China Air Conditioner Industry Summit Forum. The "Highly Power-saving Series" cabinet adopts composite heat exchange and refrigeration technology, intelligent dynamic adaptation technology of refrigerant flow, and super-large double-wing air guide blades. It is the industry's first super-primary inverter cabinet with an energy efficiency ratio of 5.07. Industry authorities estimated that it can save more than 3,000 kWh of electricity within the warranty period.

4 Intellectual Property Protection

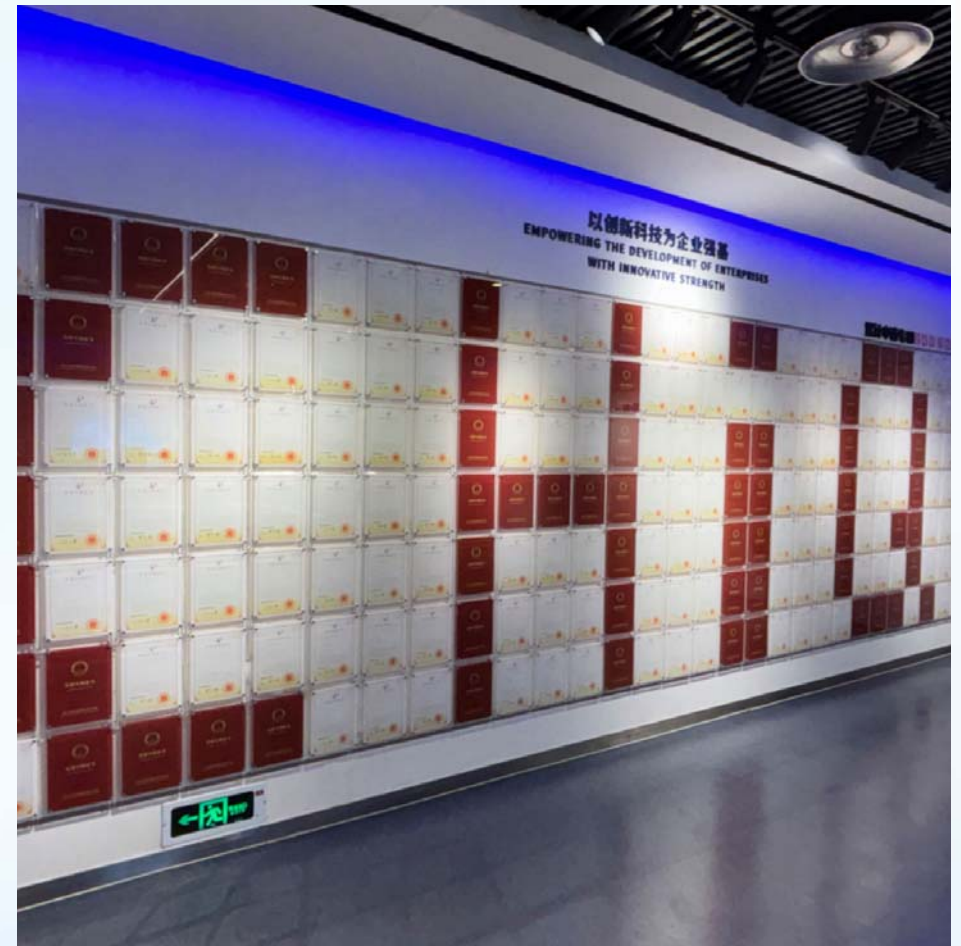
The Group has established a complete intellectual property management system under the Enterprise Intellectual Property Management (GB/T29490) and Intellectual Property Management Manual (QG/JJ00.012), to ensure the effective implementation and operation of the Company's intellectual property management system. The Group has formulated the Patent Management Measures, Patent Risk Management Measures, Technical Know-how Management Measures, and Copyright Management Measures. It has established a sound patent management system and patent risk management system; clarified the patent application procedures, patent risk levels and response process, and patent valuation standards; protected the right of authorship of service inventors; regularly evaluated the value of granted patents and dealt with low-value patents in a timely manner; and shaped an intellectual property incentive mechanism tailored to the development needs of the Group. The Group has respected the intellectual property rights of interested parties and avoided intellectual property risks, to safeguard the interests of the Group and investors to the greatest extent.

In 2023, the Company successfully passed the review of "National Intellectual Property Demonstration Enterprise" and was designated as an "Excellent Intellectual Property Cultivation Enterprise in Sichuan Province". In April 2023, it was awarded the title of "Sichuan Province Guidance Station for Foreign-related Intellectual Property Work". The Group now holds 7,466 valid patents. In 2023, it applied for 1,247 patents, an increase of 7.6% over 2022, and obtained 811 new granted patents.

The Group has fulfilled more social responsibilities in intellectual property rights and gradually promoted the patent open license system. It has seven patents in intelligent manufacturing and new materials made public on government platforms. Open licenses are granted free of charge for the first year, to facilitate easier access for SMEs to utilize the Company's patented technologies for technical innovation and product promotion.



The Group has 7,466 valid patents,
1,247 patent applications in 2023, up 7.6% over 2022; 811
patents granted in 2023



Boost Rural Revitalization

The Group has upheld the original mission of "serving the country through industrial development", proactively fulfilled its social responsibility as a state-owned enterprise, and contributed to consolidating and expanding the achievements of poverty alleviation and effectively connecting them with rural revitalization efforts in talent assistance, educational support, consumer aid, and other fields. Promoting Talent Revitalization and National Unity Through Increasing People's Confidence and Helping Them Acquire Knowledge and Skills, which incorporated its experience and practice, was awarded the "2023 Best Practice Case of Rural Revitalization by Listed Companies" by the China Association for Public Companies. The Company has made great efforts to integrate internal and external resources and carried out a series of support initiatives closely around the needs of the areas to be assisted.

Quality education is fundamental to preventing the intergenerational transmission of poverty and fostering endogenous capabilities for future development in underdeveloped areas. To help disadvantaged regions develop abilities for self-motivated poverty alleviation, efforts should prioritize both increasing people's confidence and helping them acquire knowledge and skills while effectively implementing educational development initiatives. In 2023, the Company continued its long-term support for talent revitalization. It donated RMB 1 million in education funds to areas lifted out of poverty with weak educational infrastructure, aiding in the "One Kindergarten for One Village" program and training of teachers in compulsory education. With an investment of RMB 800,000 in 2023, the Company sustained the "Colorful Changhong" study tour campaign (with seven sessions carried out), organizing 192 teachers and students from areas lifted out of poverty to engage in the campaign, with an aim to consolidate and expand the achievements of poverty alleviation efforts.

The Group has taken multiple measures to encourage the consumption of products from assisted areas. Online, the Company's e-commerce platform "Hongchuang Youpin" has opened a special zone to display and sell local agricultural products from assisted areas; offline, it organized the "Journey to the Place of Origin" campaign, to promote products from assisted areas and facilitate consumption through an "Online to Offline" approach. In 2023, the cumulative amount of purchased and sold agricultural products from assisted areas reached RMB 1.21 million.

Sichuan Hongxin Software donated the Changhong Smart Campus Video Teaching System worth RMB 504,000 to Pingchang County, Bazhong City, and proactively responded to the country's rural revitalization strategy, centering on smart agricultural technology to boost agricultural development. In 2023, it invested about RMB 8 million in smart agriculture R&D, resulting in 3 granted invention patents, 1 granted utility model patent, and 30 software copyrights in smart agriculture.

In 2023, Sichuan Hongxin Software signed a strategic cooperation agreement with the Information Center of the Ministry of Agriculture and Rural Affairs for technological and marketing collaboration in "AI + agriculture", "blockchain + agriculture", and "industrialized intelligent seedling raising". The Company's "Cloud Agricultural Park Platform" was named among the Ministry of Agriculture and Rural Affairs' list of excellent projects for "New Technology, New Products, New Models" in 2023. Its "Intelligent IoT Industrialized Seedling Raising System" was selected as a national outstanding case of smart agriculture by the Information Center of the Ministry of Agriculture and Rural Affairs in 2023.

Sichuan Hongxin Software has carried out industry-academia-research cooperation projects with the College of Mechanical and Electrical Engineering of Sichuan Agricultural University. They jointly applied for the Sichuan Smart Agriculture Engineering Technology Research Center. Furthermore, Sichuan Hongxin Software, in partnership with Mianyang Academy of Agricultural Sciences, built a testing and technology verification base for smart agriculture products. The agricultural software and hardware products independently developed by Sichuan Hongxin Software have been successively utilized in over 20 smart agriculture model projects developed in Mianyang, Guangyuan, and Chengdu of Sichuan as well as Ankang of Shaanxi and Tacheng of Xinjiang, with positive market feedback.

In 2023, Zhongshan Changhong Electric offered paired-up assistance to Yugan County, Jiangxi Province regarding the rural revitalization and donated RMB 30,000 to aid in the rural construction of Baimaqiao Township, Yugan County.

Lingbayi Electronics Group bolstered its village support team by assigning one first secretary and two support officials to engage in local rural revitalization efforts. It initiated a "purchase instead of donation" assistance project in 2023, purchasing kiwi fruit products worth over RMB 70,000 from Qing-song Village in Shima Town, Cangxi County.

In September 2023, Sichuan Changhong NeoNet Technologies donated 10 Changhong 55-inch HD smart TVs to the Civil Affairs Bureau of Muli County through the Sichuan Provincial Poverty Alleviation Foundation.



Improve Social Welfare

1 Tax Payment According to Law

The Group has strictly abided by the Law of the People's Republic of China on the Administration of the Levy and Collection of Taxes and other taxation laws and regulations, paid taxes according to law, and made contributions to social public utilities.

In 2023, the Group (under consolidated standard) paid more than 2 billion in taxes and fees to the tax authorities



2 Co-construction with Community

The Group has long been focusing on the actual needs of local communities, conducting ongoing non-profit activities for communities in fields such as education and caring for the elderly. Through practical actions, it has given back to society, striving to help create a harmonious and civilized community and build a peaceful and beautiful living environment.

In October 2023, Changhong Kuaiyidian visited a nursing home in Wuhan, to clean household appliances and overhaul electrical facilities. In December 2023, it cleaned air conditioners in and sent gifts to the Mianyang Children's Welfare Institute.

Guangdong Changhong Electronics has regularly organized employees to participate in volunteer services, poverty alleviation, and other public welfare campaigns. In 2023, it encouraged employees to donate RMB 66,000 for colleagues in need due to illness and RMB 50,000 through the Five-person Boat Racing to support local social welfare undertakings.

In April 2023, Sichuan Hongxin Software visited the Hongyuan Road Community in the Mianyang High-Tech Industrial Development Zone to offer volunteer services. Together with the Community staff, it cleaned up plastic waste near the railway bridge and dealt with garbage difficult to clean and construction debris in the area. As a result, the outdoor environment around the community was significantly improved.

Sichuan Changhong Molding Technology has actively organized voluntary blood donations. In July 2023, it organized 69 Party members and non-Party members to donate 24,300 ml of blood.

Sichuan Changhong Package Printing organized a voluntary blood donation in collaboration with Mianyang Blood Center in July 2023 and a "garbage sorting" activity in September 2023.

In 2023, Lingbayi Electronics Group assigned more than 40 officials and employees to participate in volunteer activities for environmental sanitation improvement, realizing the full coverage of "Dual-Uniting, Dual-Assistance" in the joint construction of responsible areas.



Protect Information Security

1 Information Security Management

The Company has passed the ISO 27001 Information Security Management System Certification, and its Data Center Server Room has obtained a Level 3 Certificate of National Information Security Classified Protection. In terms of information management, it provides security assurance and meets compliance requirements. During the reporting period, the Company did not experience any information security incidents.

The Company complies with laws and regulations such as the Cybersecurity Law of the People's Republic of China and the Data Security Law of the People's Republic of China, promoting the 14th Five-Year Plan for digital transformation. The Company has established an information security management system with "One Center, Three Systems, and Three Layers of Protection", continuously improving the data security management system, consolidating the cybersecurity accountability system, intensifying content security control, and reinforcing data and personal information security protection. The Company has set up a three-tier information security organizational structure composed of information security decision-makers, management, and cybersecurity officers from various departments. It is designed to continuously improve information security management and protection capabilities and the level of information security governance, fully ensure business continuity and user data security, and effectively support the Company's digital transformation and upgrading.

The Company has continuously enhanced the network and data security protection through security management, security certification and security education

- 1 Build a defense-in-depth cybersecurity system, implement classification and hierarchical management of industrial data, continuously promote cybersecurity risk governance, and prevent major cybersecurity incidents.
- 2 Promote the cybersecurity certification work through cybersecurity protection certification, cybersecurity product certification and cybersecurity talent certification.
- 3 Conduct cybersecurity education and training, formulate an information security training plan for all employees, regularly implement various training activities on information security and privacy protection, organize regular cybersecurity emergency drills, and continuously enhance the awareness of information security protection among all employees.

2 User Information and Privacy Protection

Technically, the Company's products have adopted various technologies to protect users' personal information, including data encryption technology, network transmission security protocol, secure data storage, server firewall, access control technology, etc., so as to prevent malicious attacks and ensure that users' personal information will not be illegally acquired, disclosed or tampered with.

The Company has strictly complied with relevant laws and regulations on privacy protection, including Cybersecurity Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, and Information Security Technology — Personal Information Security Specification, to ensure that users' personal information is fully protected from infringement. The Company has issued the Changhong User Privacy Policy and updated it in real time according to national laws and local policies. The Policy details the use, protection, storage and deletion of personal information, so that users can fully understand their rights and obligations and user information is used within the scope of authorized use. The Company has signed the Cybersecurity Responsibility Statement with third-party companies and required them to ensure the security of users' personal information.

The Company has released management regulations to prevent employees from misusing user information, limit employees' access rights to personal information, strengthen internal management, and ensure the security of users' personal information. It has also strengthened employees' training on privacy protection knowledge to strengthen their awareness of protecting user privacy.



Promote Marketing and Publicity

1 False Communication Avoidance

The Company has resolutely prevented the spread of false information and protected consumers' rights and interests. Relying on branches across the country, it has authorized intellectual property lawyers nationwide to build a national monitoring and rights protection network system, and integrated comprehensive rights protection measures covering civil, criminal and administrative complaints. It has also applied big data and other information technologies, created a one-stop closed-loop rights protection service system combining monitoring, litigation and punishment, built a long-term mechanism for rights protection, and carried out brand rights protection and anti-counterfeiting work with constant and innovative efforts. In 2023, the Company acquired more than 200 infringement clues through proactive rights protection and counterfeiting, reporting, etc., more than 180 clues of selling infringing products on e-commerce platforms, and more than 10 clues of selling infringing products offline, with 70 lawsuits filed with the court.

The Group has released management regulations for brand publicity and media communication, such as Regulations for the Management of Release and Transmission of News Public Opinions, Measures for the Management of Self-owned New Media, Regulations for the Management of Network Image Carriers, Bottom Line List for External Communication, and Measures for the Management of Foreign Press Spokespersons, to systematically standardize communication in terms of content, form and platform and ensure information security and accurate communication.

2 Marketing and Publicity

Through new media layout, new scenario marketing and new technology application, the Company has continuously delivered products and services that meet customer needs to consumers in an innovative and responsible way. Through online and offline user operation, it has performed word-of-mouth marketing, improved brand reputation, and publicized high-quality development highlights, thus creating a technology powerhouse image and enhancing its brand influence. In 2023, Changhong's brand value jumped to RMB 203.968 billion, exceeding RMB 200 billion for the first time. It ranked 285th among the World's Top 500 Brands, and its ranking is still improving.

With the theme of "Technology Creates a Better Life", the Company has planned a series of public opinion events and topics in combination with its development and industry hotspots. With the help of influential media and self-media matrix, the Company has frequently released its development information to the audience to enhance their confidence in its development and further improve its good corporate image.

In 2023, the Company adhered to the basic idea of "focusing on core fields and extending to multiple dimensions", continued its sports marketing strategy and cooperation with the national badminton team, and leveraged the popularity of major international events, professional top events and marketing nodes to enhance its brand influence.



Advance BRI Development

The year 2023 marked the 10th anniversary of BRI. The Group has adhered to the path of international development, actively responded to BRI, expanded economic cooperation relations with international partners, and built a win-win, green and low-carbon community of shared interests and responsibilities. Nowadays, the Group has become a global comprehensive technology enterprise integrating R&D and manufacturing of consumer electronics and core components. With 10 R&D bases and 16 manufacturing bases, its products and services have been delivered to more than 160 countries and regions, with more than 200 million users. Together with international partners, it has promoted the orderly and free flow of economic factors, efficient allocation of resources and deep integration of markets across all regions. The Group has formulated a long-term overseas business development plan. By contributing to the BRI development, the Company has achieved remarkable results in overseas business development.

Guangdong Changhong Electronics has actively responded to the national strategy of BRI, created a strategic market layout covering Europe with the Czech Republic as the foothold, and established overseas subsidiaries and business entities along the main route of BRI. In 2023, it achieved an export revenue of RMB 7.412 billion, mainly to India, Brazil, the USA, the UAE, etc.

In 2023, Zhongshan Changhong Electric achieved an export revenue of RMB 3.46 billion, including about RMB 1.53 billion from BRI countries, covering 41 countries and regions such as the UAE, Saudi Arabia, Indonesia, Vietnam, Kazakhstan, India, Pakistan and Qatar.

In 2023, the Company achieved international brand business trade volume of over RMB 2 billion and overseas tax payment of nearly RMB 120 million. In the European market, the Company's international business team concentrated superior resources to advance channel development through "boosting offline business with online business and B2B mode with B2C mode". Its annual sales revenue reached RMB 348 million, up 95% year on year. In Australia, the Company fully cooperated with three national chain channels. Its TV and refrigerators entered key channels for the first time, online AOL increased by 80% year on year, and a multi-dimensional channel system was basically established. In the Indonesian market, the Company's white goods sales increased by 73% year on year. The Company has implemented the strategy of talent localization in overseas companies, and recruited a large number of local employees, especially front-line sales personnel and production and manufacturing workers. This year, it provided nearly 800 jobs for the local people and created a large number of employment opportunities for the local society.



- 3 overseas R&D bases
- 6 overseas manufacturing bases



In December 2023, CHI Q launched its overseas brand initiative "Smart with Style". "Smart with Style" implies that CHI Q creates a smart and stylish home life for consumers, and allows them to enjoy a better and more comfortable lifestyle with CHI Q products. CHI Q aims to meet consumer needs, focuses on product innovation and design, constantly upgrades products, and improves consumers' home life experience with intelligent technology.

Launched in 2014, CHI Q is a differentiated and new intelligent product series based on the home internet and Changhong's intelligent strategic layout, with the brand concept of "Let Imagination Happen". It is the core carrier of Changhong's intelligent strategy. In 2017, CHI Q entered the overseas market as an independent brand and made its debut in Australia. In recent years, CHI Q has entered Europe, Southeast Asia, the Middle East and other regions. Up to now, it has entered more than 40 countries and regions. CHI Q has established solid partnerships with many internationally renowned enterprises, and established presence through more than 30 mainstream e-commerce platforms, including Amazon in Europe, Lazada and Shopee in Southeast Asia. In November this year, CHI Q announced its partnership with the FIS Freestyle Ski World Cup and sponsorship of the German Ski Association (DSV), and appointed world champion Viktoria Rebensburg as its brand ambassador. This is another sports marketing action of CHI Q after sponsoring the well-known football team Borussia Dortmund. With international events as brand endorsement, it enhances channel and consumer trust in the brand, and further improves brand awareness and influence.

In the future, the Group will further strengthen its brand confidence, adhere to the development strategy of "brand globalization", and bring consumers a smart and stylish lifestyle. In this way, it will become a world-renowned brand and a contributor to the BRI development.

Index

Appendix I: GRI Content Index

GRI Standards	Important Issues	Location and Description
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	P5
	Disclosure 2-2 Entities included in the organization's sustainability reporting	P1
	Disclosure 2-3 Reporting period, frequency and contact point	P1
	Disclosure 2-4 Restatements of information	The organization did not have any restatements during the reporting period. P3
	Disclosure 2-6 Activities, value chain and other business relationships	P3
	Disclosure 2-7 Employees	P4
	Disclosure 2-9 Governance structure and composition	P19-20
	Disclosure 2-11 Chair of the highest governance body	P21
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	P21-22
	Disclosure 2-13 Delegation of responsibility for managing impacts	P12
	Disclosure 2-14 Role of the highest governance body in sustainability reporting	P13-14
	Disclosure 2-15 Conflicts of interest	P19、20、32
	Disclosure 2-16 Communication of critical concerns	P13-14
	Disclosure 2-17 Collective knowledge of the highest governance body	P04、12
	Disclosure 2-19 Remuneration policies	P21、22、23、56
	Disclosure 2-20 Process to determine remuneration	P23、56
	Disclosure 2-22 Statement on sustainable development strategy	P03-04
	Disclosure 2-23 Policy commitments	P30
	Disclosure 2-24 Embedding policy commitments	P12、24、25、26
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	P3、4、31、32
Disclosure 2-27 Compliance with laws and regulations	The Company did not have any major violations of laws and regulations during the year. P15	
Disclosure 2-29 Approach to stakeholder engagement	P15	
Disclosure 2-30 Collective bargaining agreements	P59	
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	P14
	Disclosure 3-2 List of material topics	P14

GRI Standards	Important Issues	Location and Description
GRI 201: Economic Performance 2016	Disclosure 201-1 Direct economic value generated and distributed	P11、32
	Disclosure 201-2 Financial implications and other risks and opportunities due to climate change	P51-52
	Disclosure 201-3 Defined benefit plan obligations and other retirement plans	P56
GRI 203: Indirect Economic Impacts 2016	Disclosure 203-1 Infrastructure investments and services supported	P77、78、80
	Disclosure 203-2 Significant indirect economic impacts	P77、78、79、80
GRI 204: Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	P61
GRI 205: Anti-corruption 2016	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	P28、29
	Disclosure 205-3 Confirmed incidents of corruption and actions taken	P28
GRI 206: Anti-competitive Behavior 2016	Disclosure 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P30
GRI 207: Tax 2019	Disclosure 207-2 Tax governance, control and risk management	P79
	Disclosure 207-3 Stakeholder engagement and management concerns related to tax	P79
GRI 301: Materials 2016	Disclosure 301-1 Materials used by weight or volume	P37
	Disclosure 301-2 Recycled input materials used	P37
	Disclosure 301-3 Reclaimed products and their packaging materials	P37
GRI 302: Energy 2016	Disclosure 302-1 Energy consumption within the organization	P38
	Disclosure 302-2 Energy consumption outside of the organization	P38
	Disclosure 302-3 Energy intensity	P38
	Disclosure 302-4 Reduction of energy consumption	P38
	Disclosure 302-5 Reductions in energy requirements of products and services	P38

GRI Standards	Important Issues	Location and Description
GRI 303: Water and Effluents 2018	Disclosure 303-1 Interactions with water as a shared resource	P36
	Disclosure 303-2 Management of water discharge-related impacts	P36
	Disclosure 303-3 Water withdrawal	P36
	Disclosure 303-4 Water discharge	P36
	Disclosure 303-5 Water consumption	P36
GRI 304: Biodiversity 2016	Disclosure 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P52
	Disclosure 304-2 Significant impacts of activities, products and services on biodiversity	P52
	Disclosure 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	P52
GRI 305: Emissions 2016	Disclosure 305-1 Direct (Scope 1) GHG emissions	P44
	Disclosure 305-2 Energy indirect (Scope 2) GHG emissions	P44
	Disclosure 305-4 GHG emissions intensity	P44
	Disclosure 305-5 Reduction of GHG emissions	P44-46
	Disclosure 305-6 Emissions of ozone-depleting substances (ODS) Disclosure 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P41-42 P41-42
GRI 306: Waste 2020	Disclosure 306-1 Waste generation and significant waste-related impacts	P43
	Disclosure 306-2 Management of significant waste-related impacts	P43
	Disclosure 306-3 Waste generated	P43
	Disclosure 306-4 Waste diverted from disposal	P43
	Disclosure 306-5 Waste directed to disposal	P43
GRI 307: Environmental Compliance	Disclosure 307-1 Non-compliance with environmental laws and regulations	P35
GRI 308: Supplier Environmental Assessment 2016	Disclosure 308-1 New suppliers that were screened using environmental criteria	P62
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	P55
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P56、59、60
	Disclosure 401-3 Parental leave	P56

GRI Standards	Important Issues	Location and Description
GRI 403: Occupational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	P57
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	P57
	Disclosure 403-3 Occupational health services	P57
	Disclosure 403-4 Worker participation, consultation, and communication on occupational health and safety	P57
	Disclosure 403-5 Worker training on occupational health and safety	P57
	Disclosure 403-6 Promotion of worker health	P57
	Disclosure 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P57
	Disclosure 403-8 Workers covered by an occupational health and safety management system	P57
	Disclosure 403-9 Work-related injuries	P57
	Disclosure 403-10 Work-related ill health	P57
GRI 404: Training and Education 2016	Disclosure 404-2 Programs for upgrading employee skills and transition assistance programs	P58
GRI 405: Diversity and Equal Opportunity 2016 GRI 413: Local Communities 2016	Disclosure 405-1 Diversity of governance bodies and employees	P55
	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	P80
GRI 414: Supplier Social Assessment 2016	Disclosure 414-1 New suppliers that were screened using social criteria	P62
GRI 416: Customer Health and Safety 2016	Disclosure 416-1 Assessment of the health and safety impacts of product and service categories	P65
	Disclosure 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P66
GRI 417: Marketing and Labeling 2016	Disclosure 417-1 Requirements for product and service information and labeling	P65-68
	Disclosure 417-2 Incidents of non-compliance concerning product and service information and labeling	P68
	Disclosure 417-3 Incidents of non-compliance concerning marketing communications	P83
GRI 418: Customer Privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	P81-82

Appendix II: Index of Reference Index System Content

Main Heading	Sub-heading	GRI Standards	Reference Indicator System for ESG Report of Listed Companies Controlled by Centrally-administrated SOEs
About ESG Report		2-1/2-2/2-3	/
Chairman's Message		2-6	/
Board of Directors Statement		2-22/2-17	G1.2.1
About Sichuan Changhong	Corporate Profile	2-1/2-6	/
	Development Course	2-1	/
	Corporate Culture	2-1	/
	Corporate Honors	2-1	/
	Operating Performance	/	/
ESG Management Strategy	Identification of Key Topics	2-16/3-1/3-2/3-3	/
	2023 ESG Key Performance	/	/
Changhong Rises as a Well-managed Business	Build Sustainable Governance System	2-9/2-11/2-12/2-10/2-19	G1.1/ G1.2/ G1.2.2/ G1.2.3/ G1.3.1/G1.3.2/G1.3.3
	Strengthen Compliance Risk Control	207-2	G5.1.1/ G5.1.2/ G5.1.3/ G5.2.1/ G5.2.2/ G5.2.3/ G2.1.2
	Conduct Internal Audit	/	G2.1.1
	Ensure Clean and Honest Administration	205-1/205-2/205-3	G2.2.1/ G2.2.2
	Encourage Fair Competition	206-1	G2.3.1/ G2.3.2
	Standardize Information Disclosure	/	G4.1.1/ G4.1.2/ G4.2.1
	Benefit Stakeholders	/	G3.1.1/ G3.1.2/ G3.1.3/ G3.2.1/ G3.2.2/ G3.2.3
Changhong Builds a Green Home	Improve Environmental Protection System	203-2	E.5.5.1/ E.5.5.2/ E.5.5.3/ E.5.6.1/ E.5.3.1
	Seek Revenue Increase and Expenditure Reduction	302-1/302-2/302-4/303-1/303-2/303-3/303-3/303-4/303-5	E.1.1.1/ E.1.1.2/ E.1.1.3/ E.1.1.4/ E.5.2.1/ E.1.2.1/ E.1.2.2/ E.1.4.1/ E.5.2.2/ E.1.3.1/ E.1.3.2/ E.1.3.4/ E.5.2.3
	Enhance Pollution Prevention and Control	303-2/305-4/305-6/305-7/306-1/306-2/306-3/306-4/306-5	E.2.1.1/ E.2.1.3/ E.2.1.4/ E.2.1.5/ E.2.1.2/ E.2.2.1/ E.2.2.2/ E.2.2.3/ E.2.2.4/ E.2.2.5/ E.2.3.1/ E.2.3.2/ E.2.3.4
	Address Climate Change	305-1/305-2/305-4/305-5	E.3.1.2/ E.3.2.1/ E.3.2.2/ E.3.3.1/ E.3.3.2
	Display Green Environmental Protection Achievements	/	E.5.4.1/ E.5.4.2/ E.5.4.3/ E.5.4.4/ E.5.4.5/ E.5.4.6
	Identify Environmental Risks and Opportunities	305-1/305-3	E5.6.1/ E5.6.2
	Preserve Biodiversity	304-2	E4.1.1
	Avoid Environmental Violation	307-1	E.5.6.2
	Protect Employee Rights and Safety	201-3/202-2/401-1/401-2/401-3/408-1/409-1/403-1/403-3/403-6/403-7/403-8/403-9/403-10/404-1/404-2/406-1	S1.1.1/ S1.1.2/ S1.1.3/ S1.2.1/ S1.2.2/ S1.2.3/ S1.2.4/ S1.3.1/ S1.3.2/ S1.3.3/ S1.3.4/ S1.4.1/ S1.4.2/ S1.4.3/ S1.5.1/ S1.5.2/ S1.5.3/ S1.5.4/ S1.5.5
	Create Transparent Supply Chain	204-1/308-1/414-1	S3.1.1/ S3.1.2/ S3.2.1/ S3.2.2/ S3.2.3
	Ensure Product Safety and Service Quality	416-1/416-2	S2.1.1/ S2.1.2/ S2.1.3/ S2.1.4
	Accelerate Innovation-led Development	302-1/302-4	S2.2.1/ S2.2.2/ S2.3.1/ S2.3.2/ S2.3.3/ S2.3.4/
	Boost Rural Revitalization	/	S4.4.2
	Improve Social Welfare	415-1/203-1	S4.3.1/ S4.3.2
	Protect Information Security	418-1	S2.2.3
	Promote Marketing and Publicity	417-3	/
	Advance BRI Development	/	S4.4.3
Appendix	Index Table	/	/
	Feedback Form	/	/

Feedback Form

Dear readers,

Thank you for reading this report. In order to continuously improve our ESG work and further enhance our sustainability management, we sincerely invite you to answer the relevant questions in the feedback form. Your opinions will help us continuously improve our ESG work and further enhance our sustainability management. Thank you for your strong support!

1. Your identity for Sichuan Changhong is:

- Investor and shareholder Employee Supplier Customer
- Industry association or research institution

- Public welfare organization and community organization Media
- Government or regulatory agency Others (please specify)

2. What do you think of our ESG Report?

- Very good Good Ordinary Bad Very bad

3. What do you think of the report structure?

- Very good Good Ordinary Bad Very bad

4. Do you have any other suggestions for our ESG work and this report?

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