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2025 Changhong Huayi Compressor Co., Ltd. Environmental, Social and Governance (ESG) Report

STOCK CODE: 000404

2025 Changhong Huayi Compressor Co., Ltd.

Environmental, Social and Governance (ESG) Report

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About This Report

Report Overview

This Report is the annual ESG report of Changhong Huayi Compressor Co., Ltd., which is intended to disclose our ESG-related strategic guidelines, management measures, and performance in response to stakeholders' expectations regarding our sustainable development and information disclosure, to help stakeholders understand the opportunities and challenges our Company faces in the course of sustainable development as well as the efforts it has made to achieve its sustainability goals, and to create value together with stakeholders.

Reporting Scope

This is an annual report covering the period from January 1, 2025 to December 31, 2025. To enhance the completeness of this Report, and some data may fall outside this period.

The organizational scope of this Report covers Changhong Huayi Compressor Co., Ltd. and all of its controlled subsidiaries.

References

For ease of expression, unless otherwise specified, terms such as "Changhong Huayi", the "Company", or "we" in this Report refer to the reporting entity of this Report.

The definitions of the Company, its subsidiaries, and other abbreviations are set out in the table below:

Definition Term	Definition
Changhong Huayi, the Company, the Company, we	Changhong Huayi Compressor Co., Ltd. (formerly Huayi Compressor Co., Ltd.)
Sichuan Changhong or controlling shareholder	Sichuan Changhong Electric Co., Ltd.
Jiaxipera	Jiaxipera Compressor Co., Ltd.
Huayi Jingzhou	Huayi Compressor (Jingzhou) Co., Ltd.
Huayi Barcelona	Huayi Compressor Barcelona S.L.
Huazhu Machinery	Jingdezhen Huazhu Machinery Co., Ltd.
Zhejiang Weile	Zhejiang Weile New Energy Compressor Co., Ltd. (formerly Shanghai Weile Automotive Air Conditioner Co., Ltd.)
Jiaxipera Mexico	JIAXIPERA MÉXICO, S. DE R.L. DE C.V.
Jiaxipera Technology	Zhejiang Jiaxipera Technology Service Co., Ltd.
Jiaxipera Hangzhou	Jiaxipera (Hangzhou) Technology R&D Co., Ltd.
SZSE	Shenzhen Stock Exchange

Data Reporting Statement

Unless otherwise specified, the data disclosed in this Report are consolidated data within the organizational scope of this Report. All data are derived from our official documents, statistical reports, financial reports, third-party questionnaire surveys, and information collected and compiled by various functional departments.

Changhong Huayi undertakes that this Report contains no false record or misleading statement, and is responsible for the truthfulness, accuracy, and completeness of its contents. At the same time, we will continue to improve the statistical methodology for data indicators in order to provide more comprehensive ESG information.

Release Cycle

This Report is published on an annual basis and was released in April 2026.

Basis of Preparation

This Report has been prepared in accordance with the relevant provisions of the *Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 17—Sustainability Report (Trial)* (the "Sustainability Report Guidelines"), and with reference to the *China Enterprise Sustainability Disclosure Guidelines (CASS-ESG 6.0)*, the *GRI Sustainability Reporting Standards (GRI Standards 2021)* issued by the Global Reporting Initiative (GRI), and IFRS Sustainability Disclosure Standards S1 and S2 issued by the International Sustainability Standards Board (ISSB), among other guidelines and standards.

How to Obtain the Report

This Report is released in electronic form. You may download the electronic version of this Report and obtain more information about our Company from the official website of the Shenzhen Stock Exchange (http://www.szse.cn), CNINFO (www.cninfo.com.cn), and the official website of Changhong Huayi (https://www.hua-yi.cn/)

Contact Information

In order to continuously improve our sustainable development and ESG information disclosure practices, we sincerely welcome your comments and suggestions. Please contact us through the following channels:

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Department: Securities Office
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Message from the Chairman

In 2025, against the backdrop of complex geopolitical disruptions and a continued increase in trade barriers, the global manufacturing sector and refrigeration industry as a whole came under downward pressure, and the refrigeration compressor industry faced multiple challenges, including fluctuating market demand, iteration of core technologies, and the transition toward green and low-carbon development. Changhong Huayi has always upheld its corporate mission of "protecting the living environment of the Earth and improving the quality of human life". Our Company has remained deeply focused on its core business of hermetic reciprocating compressors while vigorously developing its second growth curve in new energy vehicle air-conditioning compressors. Changhong Huayi has deeply integrated ESG principles into its corporate strategy and the entire course of operations and management, fulfilled its original mission through responsible conduct, and delivered solid and resilient operating results in return for the trust and support of all shareholders.

Looking back on 2025, Changhong Huayi withstood downward industry pressure and delivered strong operating results. Sales of our hermetic reciprocating compressor business reached 87.83 million units, representing a year-on-year increase of 4.3%, outperforming the broader market. Our Company has ranked at number 1 globally in both production and sales for 13 consecutive years, with a market share of over 30%. Leveraging an industrial ecosystem featuring "supply chain collaboration and industry-academia-research collaboration", Changhong Huayi has continued to lead the global market. Remarkable results were achieved in intelligent transformation and digital transformation. Automation and intelligent upgrades across all production bases accelerated comprehensively, with important breakthroughs made in automation coverage, per capita efficiency, and production capacity. Our Company also received multiple honors, including "Advanced Intelligent Factory of Jiangxi Province", "Green Manufacturing Factory of Hubei Province", and "Zhejiang Province Benchmark Enterprise for AI Applications", further reinforcing the foundation for high-quality development.

Upholding Green Development and Advancing the Low-carbon Transformation of Industry

With a spirit of craftsmanship, we have remained dedicated to green and intelligent manufacturing and embedded low-carbon principles throughout the entire life cycle of R&D, production, and the supply chain. Through green practices implemented across the full value chain, we successfully obtained the industry's first Zero-carbon Factory certification, setting a new benchmark for green manufacturing. By optimizing the energy mix through distributed photovoltaic power generation, achieving precise energy consumption control through digitalized energy management, applying green processes such as phosphorus-free electrophoretic coating and steam waste heat recovery to reduce environmental impact, and continuously developing high-energy-efficiency and environmentally friendly compressor products, we have helped downstream customers and the entire industrial chain reduce carbon emissions and energy consumption at the source. We firmly believe that every energy-efficiency upgrade of a compressor and every green transformation of a factory reflects our care for the planet and constitutes a concrete step toward the Dual Carbon Goals (Carbon Peak and Carbon Neutrality).

Fulfilling Responsibilities and Building a Symbiotic and Win-win Ecosystem

We have always upheld the corporate tenet of "employee satisfaction, customer satisfaction, and shareholder satisfaction", adhered to the core value of "customer-centricity", integrated responsibility into our Company's development, united all parties through mutual benefit, coordinated value creation for employees, customers, shareholders, and society, and achieved shared direction, joint development, and shared benefits between the Company and its stakeholders. Our Company has made dedicated efforts to build harmonious and mutually beneficial labor relations, improve employees' growth and development system, and strictly uphold the bottom line of workplace safety. Taking the standards of a "National Model Enterprise for Harmonious Labor Relations" and a "National Demonstration Enterprise for Safety Culture" as benchmarks, we safeguard employee growth and well-being and ensure that development outcomes benefit all employees. We have consistently remained customer-centric. Relying on the globally leading production and sales volume of variable-frequency compressors and the premium global influence of the Cubigel brand in the light commercial sector, we provide stable and reliable products and services to more than 680 partners worldwide. At the same time, we actively reward shareholders by continuously increasing cash dividends in recent years. During the 14th Five-Year Plan period, cash dividends accounted for an average of 53% of the net profit attributable to shareholders of the parent company in the consolidated financial statements for the year, thereby effectively safeguarding shareholders' long-term returns through steady performance and genuine commitment. We have also proactively extended our responsibility chain, worked with supply chain partners to build a green ecosystem, and given back to society and conveyed warmth through concrete actions.

Strengthening Standardized Governance and Consolidating the Foundation for Sustainable and Steady Growth

We adhere to the leadership of Party building and deeply integrate the Party's leadership into every aspect of corporate governance, giving full play to its core role in setting direction, managing the overall situation, and ensuring implementation. We have established a modern corporate governance mechanism with clearly defined powers and responsibilities, coordinated operation, and effective checks and balances among the General Meeting of Shareholders, the Board of Directors, and the management. We strictly uphold the bottom line of integrity and compliance, deepen the internal control system and audit oversight, and fully embed ESG principles throughout the entire process of business operations and management. We are keenly aware that standardized governance is the solid foundation for our long-term development. Only by upholding integrity, strengthening risk management and control, and remaining compliant can we provide a strong safeguard for sustainable development.

The achievements we have made would not have been possible without the joint efforts of all Huayi employees, nor without the trust and support of all stakeholders. On behalf of the Board of Directors, I would like to extend my sincere thanks and highest respect to all shareholders and friends who have cared for and supported the development of Changhong Huayi. Looking ahead, we will continue to focus on its core business and move forward with determination. We will continue to break through core technological barriers in the compressor industry, advance product iteration and upgrading, empower better lives through green technology, and contribute Huayi's strength to the transformation and upgrading of China's manufacturing industry and to global green development.

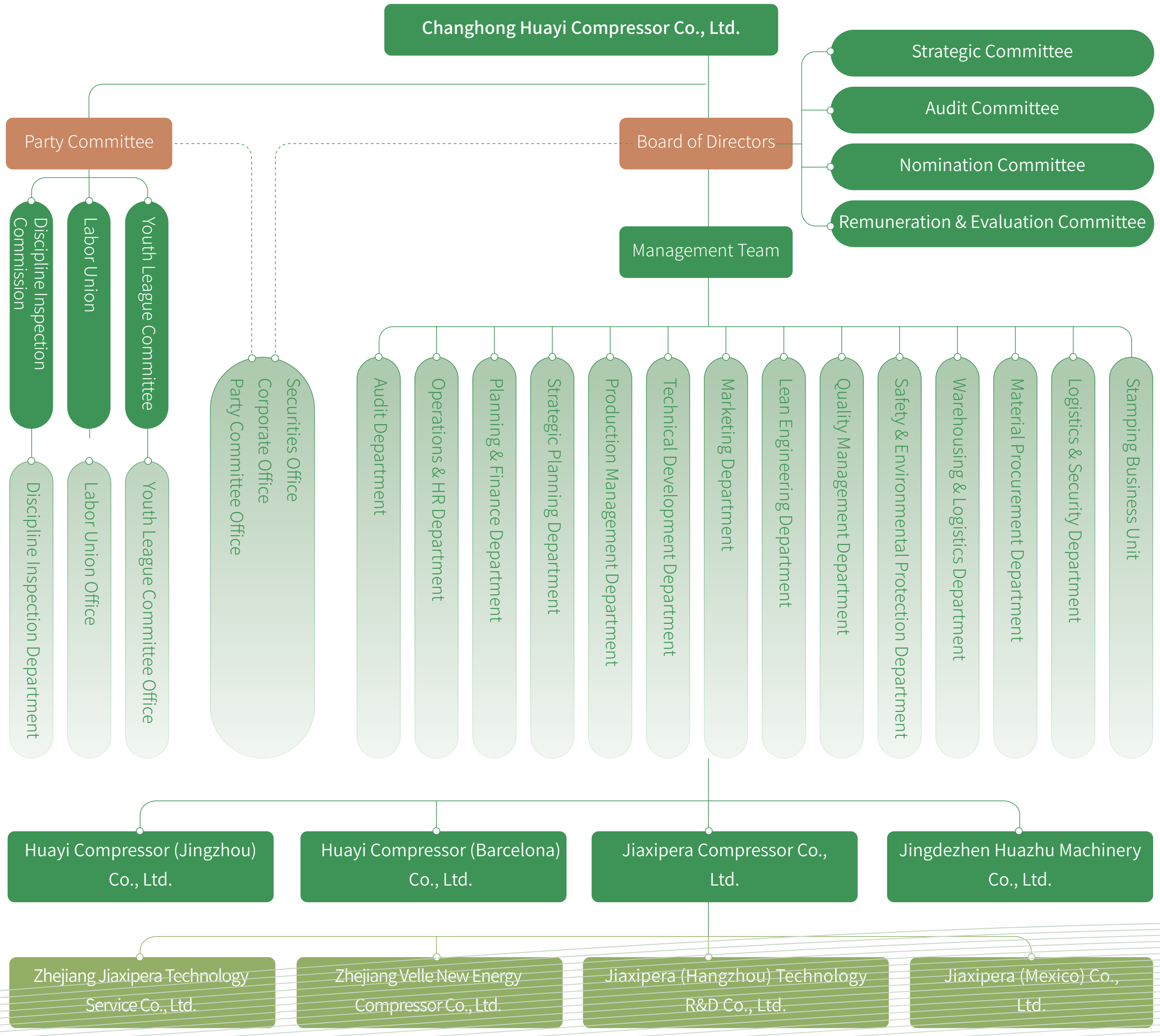
Chairman of Changhong Huayi Compressor Co., Ltd.

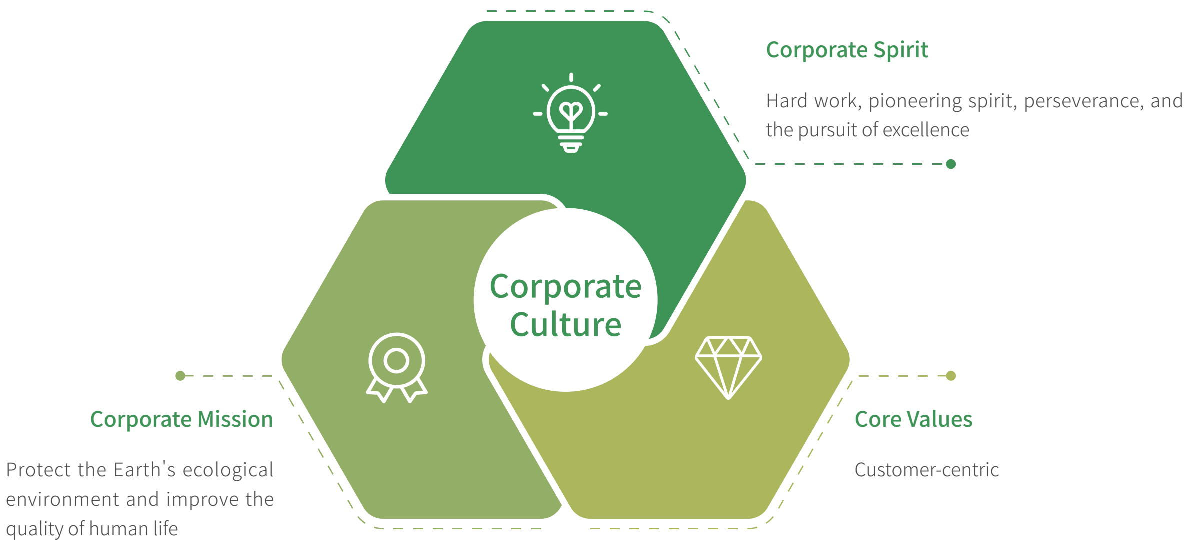
About the Company

Changhong Huayi Compressor Co., Ltd. was established in 1990 and listed on the Shenzhen Stock Exchange in 1996.

Stock abbreviation: Changhong Huayi
Stock code: 000404

Organizational Structure





Principal Businesses

During the Reporting Period, our Company's principal businesses included hermetic reciprocating compressors and new energy vehicle air-conditioning compressors. The hermetic reciprocating compressor business covers the R&D, production, and sales of household and commercial compressors. Household compressors are mainly used in domestic refrigeration appliances such as refrigerators and freezers, while commercial compressors are mainly used in supermarket freezer display cabinets, refrigeration cabinets, and vending machines in airports, schools, office buildings, and business streets. New energy vehicle air-conditioning compressors are core components of thermal management systems for new energy vehicles. Our Company currently operates multiple compressor R&D, manufacturing, and sales bases in Jingdezhen, Jiaxing, Jingzhou, Barcelona, and Mexico. Our Company owns four brands—"HUAYI", "JIAXIPERA", "CUBIGEL", and "VELLE"—forming a complementary brand matrix. Among them, both "HUAYI" and "JIAXIPERA" have been awarded the titles of "China Famous Brand" and "China Well-known Trademark". Our Company's products are sold in more than 60 countries and regions, and it has established strategic cooperation with well-known domestic and international brands. Our market share ranks first at number one globally in the industry. Many renowned enterprises domestic and abroad, including Haier, Hisense, Meiling, Whirlpool, Bosch-Siemens, and Electrolux, have become core customers of our Company.We are supplying comprehensive new energy vehicle air-conditioning compressor product , covering the full range of new energy passenger vehicles (48–800V) as well as air-conditioning, refrigeration, and heating applications for new energy commercial vehicles. With high-quality products and services, we have gained strong customer recognition and established close strategic partnerships with a number of leading automotive manufacturers.

Changhong Huayi	Commercial Hermetic Reciprocating Compressors
Jiaxipera	Household Hermetic Reciprocating Compressors
Huayi Jingzhou	Small and Micro Hermetic Reciprocating Compressors
Huayi Barcelona	Overseas Commercial Operations Center, External Window and Service Platform
Huazhu Machinery	Key Component Base for Hermetic Reciprocating Compressors
Zhejiang Weile	New Energy Vehicle Air-conditioning Compressors
Jiaxipera Hangzhou	Technology R&D
Jiaxipera Technology	Industrial Robot Application and Equipment Integration
Jiaxipera Mexico	America Hermetic Reciprocating Compressor Manufacturing Base

Development History

1990

Establishment of Huayi Compressor Factory

1993

Commissioning of China's first CFC-free compressor production line with an annual capacity of 1 million units

1996

Company was established through fundraising and listing listed on the Shenzhen Stock Exchange

2000

Recognized as a key high-tech enterprise under the National Torch Program

2001

Establishment of Huayi Compressor (Jingzhou) Co., Ltd.

2002

Acquisition of Jiaxipera Compressor Co., Ltd.

2007

Sichuan Changhong became the controlling shareholder of Huayi Compressor Co.,Ltd

2009

Completion and Commissioning of Our "New 600 Project"

2012

Acquisition of Spain's Cubigel Company and establishment of Huayi Compressor Barcelona S.L.

2017

Acquisition of Shanghai Weile Automotive Air Conditioner Co., Ltd. (renamed Zhejiang Weile New Energy Compressor Co., Ltd.)

2018

Company renamed to Changhong Huayi Compressor Co., Ltd.
Awarded the title of "National Manufacturing Single Champion Demonstration Enterprise"

2021

Sales volume of Changhong Huayi exceeded 60 million units

2022

Completion and mass production of Jingdezhen Huazhu Machinery Co., Ltd.

2023

Completion and commissioning of Jiaxipera Mexico
Sales volume of Changhong Huayi exceeded 70 million units

2024

Passed the re-evaluation of the "National Manufacturing Single Champion Demonstration Enterprise" by the Ministry of Industry and Information Technology
Sales volume of Changhong Huayi exceeded 80 million units

2025

Sales volume of new energy vehicle air-conditioning compressors exceeded 1 million units

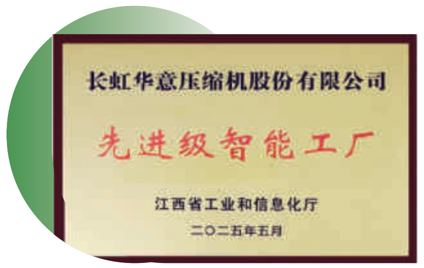
2026

30th anniversary of our Company's listing

2025 Honors & Accolades

Department of Industry and Information Technology

Advanced Intelligent Factory Title



Department of Industry and Information Technology

Jiangxi Social Responsibility (Leading) Enterprise

Office of Zhejiang Provincial Department of Economy and Information Technology

Selected as one of the first typical cases of AI Empowering Manufacturing in Zhejiang Province

City of Sabadell, Spain

2025 Social Responsibility Award

China National Light Industry Council

R600a hydrocarbon refrigerant variable-frequency refrigeration compressor technology selected for the *Catalogue of Advanced Energy-saving and Carbon-reduction Technologies in Key Areas of Light Industry (2025 Edition)*

China Household Electrical Appliances and Consumer Electronics Expo

AWE Appliance & Electronics World Expo Core Technology Award

2025 Global Beverage Industry Environmental Roundtable Summit

2025 Refrigeration Products Award for Continuous Environmental Improvement

Joint Conference Office of Yangtze River Delta G60 Science and Innovation Corridor

Yangtze River Delta G60 Science and Innovation Corridor Quality and Standards Benchmark Enterprise

Organizing Committee of "Hidden Emerging Champions in of China Manufacturing"

The 7th "*Hidden Emerging Champion in of China Manufacturing*"

China Association for Public Companies

2025 Outstanding Practice Case in Sustainable Development of Listed Companies

China Association for Public Companies

2025 Outstanding Practice Case Award for the Board of Directors of Listed Companies

China Association for Public Companies

2025 Outstanding Practice Case Award for the Board of Directors Office of Listed Companies.

China Association for Public Companies

Best Practice in Annual Results Briefing 2024

China Energy Conservation Association

"Zero-carbon Factory" Certificate

China Association for Public Companies

2025 Listed Companies Advanced Dividend Ranking

***Electrical Appliances* Magazine**

2025 China Home Appliance Industry Chain Golden Nail Award

ESG Management

ESG Governance Framework

Our Company consistently adheres to the concept of sustainable development, places great importance on enhancing its ESG governance capabilities and performance, and actively promotes the deep integration of the ESG Governance Framework with its corporate governance system. We have established a top-down ESG management mechanism and formed an ESG governance structure with clear powers and responsibilities, under which the Board of Directors provides overall decision-making, the Strategy Committee offers supervision and guidance, and various functional departments implement responsibilities accordingly. This structure facilitates the comprehensive integration of ESG into corporate governance, Risk Management and Control, and operational management, thereby safeguarding our sustainable and high-quality development.

Institution Name	Scope of Authority	Responsibilities/Objectives	Expertise/ Capabilities
Board of Directors	The Board of Directors is the highest governing body for ESG matters, providing overall leadership for ESG affairs and formulating ESG strategies and objectives.	· Formulate and review the Company's ESG strategy, development goals, and core topics; · Review annual ESG reports, ESG Information Disclosure, and major ESG matters; · Oversee the implementation of ESG strategies, Risk Management and Control, and performance improvement; · Ensure effective alignment between ESG governance and corporate governance and risk management systems.	Board Members possess diverse professional backgrounds in corporate management, strategic planning, technology R&D, finance, and risk management, enabling them to provide professional guidance and decision-making support for ESG governance, sustainable development, and stakeholder value creation at the strategic level.
Strategy Committee of the Board of Directors	Under the authorization of the Board of Directors, the Strategy Committee coordinates ESG-related work, conducts research, review, and supervision of ESG strategies, plans, major matters, and management effectiveness, and provides professional opinions and recommendations to the Board of Directors to enhance the scientific and forward-looking nature of ESG decision-making	· Research and propose ESG strategic planning, management systems, key tasks, and major topics; · Supervise and review the progress and achievement of ESG objectives; · Identify, assess, and supervise major ESG risks and opportunities, and promote the implementation of coping strategies; ·Review ESG reports and related disclosure information and submit to the Board of Directors for consideration.	Members possess professional expertise and practical experience in corporate governance, social responsibility, risk management, and Compliance Management, with strong capabilities in strategic judgment, supervision, and professional decision support.
Management Function	As the execution body for ESG work, it is responsible for implementing the decisions of the Board of Directors and the Strategy Committee, establishing and operating a closed-loop ESG management system, and coordinating daily management, risk prevention and control, and information management across environmental, social, and governance domains.	· Conduct Material Topics assessment and stakeholder engagement and communication; · Formulate ESG implementation plans, action plans, and management systems and organize their execution; · Be responsible for ESG data collection, statistics, verification, and routine management; · Coordinate the preparation of ESG reports, information consolidation, and compliant disclosure; · Regularly report ESG progress, issues, and improvement outcomes.	The team continuously participates in ESG policy, standards, and practical training organized by regulatory authorities, stock exchanges, and professional third-party institutions, thereby enhancing ESG expertise and ensuring accurate understanding of regulatory requirements, disclosure rules, and industry best practices.

ESG Training

Our Company conducts systematic ESG training for senior management, heads of ESG-related functional departments, and personnel in key ESG roles. During the Reporting Period, core members participated in the 17th "Sharing Responsibility" public course organized by the Responsibility Cloud Research Institute.

Senior member and other personnel of the Company participated in ESG training.

In addition, our Company have invited external experts to conduct six specialized training sessions, with over 100 participants in total. The training covered multiple dimensions, including the latest ESG development trends, ESG governance enhancement, safety and environmental protection system development, risk identification and prevention, employee and customer rights protection, and Supply Chain Management.

In May 2025, our Company convened a review meeting on the 2024 ESG work summary and improvement recommendations, systematically summarizing key improvement points and best practices in ESG work and promoting the continuous optimization of ESG management.

External experts were invited to conduct training on ESG work review and improvement recommendations.

Sustainable Development Strategy

Changhong Huayi remains committed to a path of high-quality and sustainable development, actively responding to the national Dual Carbon Goals (Carbon Peak and Carbon Neutrality), and deeply implementing the concept of green and low-carbon development. As a leading enterprise in the green, environmentally friendly, and energy-efficient hermetic reciprocating compressor industry, our Company advances green development across the entire value chain from product R&D to manufacturing. It adheres to environmental protection as a fundamental principle and strives for minimal ecological impact; focuses on energy-saving innovation to develop high-efficiency, low-carbon compressor products; emphasizes resource efficiency by promoting product miniaturization and lightweight design; and implements energy conservation and emission reduction throughout the entire production process.

Our Company actively fulfills our social responsibilities by safeguarding the legitimate rights and interests of employees and customers, participating in community development and public welfare initiatives, and promoting social harmony and prosperity. We have established a standardized and well-ordered governance system, improved corporate governance structure with clearly defined rights and responsibilities and effective checks and balances, and ensured efficient and compliant corporate governance operations.

ESG Honors

Changhong Huayi was selected as a 2025 Outstanding Practice Case in Sustainable Development of Listed Companies.

Changhong Huayi was awarded with 2024 Jiangxi Social Responsibility (Leading) Enterprise.

Material Topics Analysis

Process for Identifying Material Topics

2025 ESG Material Topics Identification Process of Changhong Huayi

Step 1 Background Research and Business Analysis to Establish a Sustainability Topic Database	By studying and analyzing the requirements and recommendations of major domestic and international sustainability disclosure standards, and in combination with our Company's business composition, 33 potential material topics were identified to form a sustainability topic database (see below).
Step 2 Topic Identification and Assessment	· Identification of Impact Materiality Internal experts and stakeholders jointly assessed topics from the perspectives of impact and likelihood, with a total of 255 valid questionnaires collected. · Assessment of Financial Materiality Internal and external experts assessed the financial materiality of each topic from the dimensions of likelihood and magnitude of risks and opportunities, which were reviewed and confirmed by multiple departments.
Step 3 Topic Materiality Matrix	Based on the assessment data in Step 2, the 2025 Material Topics Matrix was developed to determine the materiality of topics for the year.
Step 4 Topic Disclosure and Practice	Guided by the analysis results, our Company carried out targeted disclosures and practices.

Material Topics Database

With reference to the *Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 17—Sustainability Report (Trial)*, and considering the macro policy environment in the regions where the company operates, as well as the characteristics and development stage of the industry in which the company operates, we analyzed sustainability-related impacts, risks, and opportunities and established the following sustainability topic database:

1.Climate Change Response	10.Green Technologies and Products	19.Data Security and Customer Privacy Protection	28.ESG Governance Framework
2.Pollutant Emissions	11.Green Operations	20.Employees	29.Taxation
3.Waste Treatment	12.Rural Revitalization	21.Customer Service	30.Protection of Investors' Rights
4.Ecosystems and Biodiversity	13.Social Contribution	22.Promotion of Industry Development	31.Internal Control and Audit System
5.Environmental Compliance Management	14.Innovation-driven Development	23.Responsible Marketing and Communication	32.Corporate Culture Development
6.Energy Utilization	15.Technology Ethics	24.Due Diligence	33.Digital Transformation
7.Water Resource Utilization	16.Supply Chain Security	25.Stakeholder Communication	
8.Circular Economy	17.Equal - Manner among Small and Medium-sized Enterprises (SMEs)	26.Anti-bribery and Anti-corruption	
9.Raw Materials	18.Product and Service Safety and Quality	27.Anti-unfair Competition	

Results of Double Materiality Analysis

Based on the establishment of the Material Topics Database, our Company conducted questionnaire surveys and consulted internal and external ESG experts to identify both impact materiality and financial materiality of each topic. Ultimately, we have identified: 6 topics with both financial materiality and impact materiality; 15 topics with impact materiality only; 12 topics with relatively low financial and impact materiality.

Impact Materiality

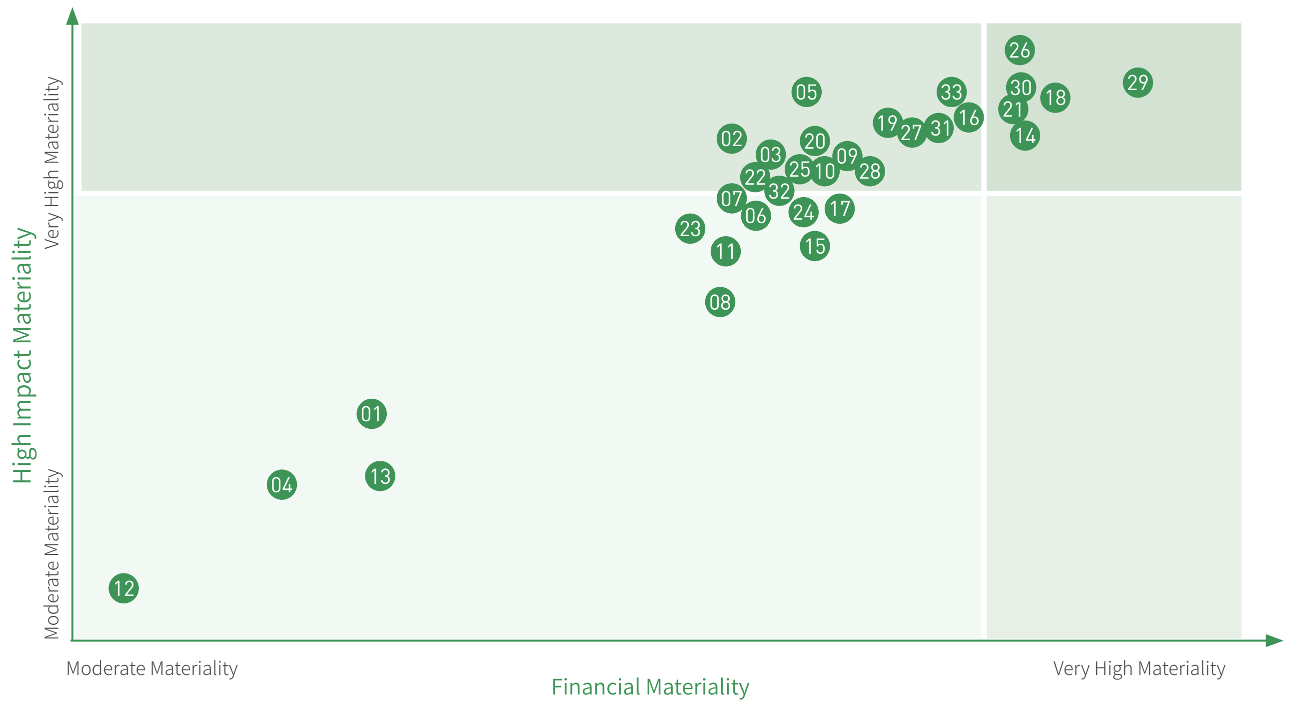
refers to whether the company's performance on a given topic may have actual or potential significant impacts on the economy, society, and the environment. Our Company primarily evaluates this based on factors such as the scale, scope, irremediability, and likelihood of the impact.

Financial Materiality

refers to whether a given topic is expected to have significant impacts on the company's business model, operations, development strategy, financial position, operating results, cash flows, financing methods, and costs in the short, medium, and long term. We primarily evaluate this through the likelihood and magnitude of financial impacts.

Double Materiality Matrix

Changhong Huayi Double Materiality Matrix of Material Topics



Topic Distribution

Topic Materiality	Topic	
Topics with Both Financial and Impact Materiality	· Taxation · Anti-bribery and Anti-corruption · Product and Service Safety and Quality	· Protection of Investors' Rights · Customer Service · Innovation-driven Development
Topics with Impact Materiality Only	· Digital Transformation · Supply Chain Security · Internal Control and Audit System · Anti-unfair Competition · Data Security and Customer Privacy Protection · Environmental Compliance Management · Pollutant Emissions · Employees	· Stakeholder Communication · Green Technologies and Products · Raw Materials · ESG Governance Framework · Waste Treatment · Promotion of Industry Development · Corporate Culture Development
Topics with Relatively Low Financial and Impact Materiality	· Water Resource Utilization · Energy Utilization · Due Diligence · Equal - Manner among Small and Medium-sized Enterprises (SMEs) · Responsible Marketing and Communication · Green Operations	· Technology Ethics · Circular Economy · Climate Change Response · Social Contribution · Ecosystems and Biodiversity · Rural Revitalization

Stakeholder Communication

We have established regular communication mechanisms with key stakeholders, including government authorities, shareholders, customers, and partners. Through questionnaires, seminars, and other forms of engagement, we actively listen to their expectations and demands regarding Environmental, Social and Governance (ESG) matters, encourage their participation in our Company's operations and decision-making processes, and promote stakeholder engagement and collaboration, thereby achieving alignment between the company's development and broader social progress.

Stakeholders	Key Concerns	Response Measures
Government and Regulatory Authorities	· Compliance with laws and regulations · Product Quality and Safety · Climate Change Response · Industry Leadership	· Operate in compliance with laws and regulations with integrity and actively implement relevant national policies · Improve the Product Quality Management System · Promote energy conservation and emission reduction and develop green products · Leverage corporate resource advantages and actively fulfill social responsibilities
Shareholders and Investors	· Transparent Information Disclosure · Continuous Value Creation · Robust Risk Management	· Standardize corporate governance and establish investor communication channels · Establish effective communication mechanisms, optimize business layout, and enhance core profitability · Continuously advance the integrated system of Compliance Management, risk management, and Internal Control; conduct regular risk assessments and promptly prevent and mitigate various risks
Customers	· Responsible Marketing · Customer Privacy Protection · High-quality Products and Services	· Improve product quality and provide high-quality services · Establish Customer Privacy Protection mechanisms and standardize data usage · Conduct customer satisfaction and demand surveys, and continuously improve customer service level
Suppliers and Partners	· Fair Procurement · Joint Development · Mutual Benefit and Win-win Results	· Standardize procurement processes, adhere to the principles of fairness, impartiality, and transparency, and eliminate non-transparent practices · Conduct supplier evaluation and review, build a win-win cooperation platform, and provide technical support and resource empowerment · Promote the healthy development of the industry, establish long-term and stable cooperative relationships, and share development achievements
Employees	· Employee Rights and Protection · Diversity and Equality · Occupational Health and Safety (OHS) · Talent Training and Development · Employee Care	· Safeguard employees' fundamental rights, execute labor contracts in accordance with the law, and make full contributions to social insurance and housing provident funds · Respect workplace diversity, uphold equal pay for equal work, and eliminate discrimination in the workplace · Ensure employees' occupational safety and health, conduct safety training, and provide protective equipment · Establish clear and accessible career development pathways · Improve employee welfare and care systems and organize cultural and recreational activities
Communities and Environment	· Giving Back to Society · Climate Change Response · Three Wastes Management · Green Production · Energy-saving Innovation	· Support public welfare initiatives, including charitable donations and assistance to disadvantaged groups · Practice green developmental ideal by advancing Green Manufacturing, energy conservation and carbon reduction, energy optimization, and technological innovation · Strengthen the management of wastewater, waste gas, and solid waste to ensure compliant discharge and promote recycling and reuse · Optimize production processes and reduce environmental impacts during production · Develop energy-efficient and innovative products, promote energy-saving technologies, and reduce energy consumption

Theme

Growing Together, Thriving Together — Huayi People Co-create a New Development Ecosystem

Empowerment through Diversity | Building a Career Development System to Enhance Individual Value

Talent is the fundamental driving force for the steady and sustainable development of an enterprise. CHANGHONG HUAYI consistently elevates employee growth and career development to a strategic priority, regarding talent cultivation as a critical pillar for sustainable development and a core source of competitive advantage. Our Company has established a multi-level, multi-dimensional, and multi-channel talent development system. It continuously strengthens skills enhancement, professional empowerment, and talent pipeline development, while advancing the development of a learning organization. These efforts promote aligned and mutually reinforcing growth between employees and the company. They enable each employee to realize career aspirations, co-create value with the enterprise, share development outcomes, and achieve deep integration and dual advancement of individual and corporate value.

Our Company successfully organized the 2025 Employee Skill Grade Assessment Competition, for which 583 employees from various positions registered. The competition consisted of a written theoretical examination and a practical skills assessment. Following rigorous competition, a total of 191 skilled craftsmen at different skill grades were selected and awarded skill grade allowances and honorary certificates. This competition promoted the spirit of craftsmanship featuring dedication to one's work, pragmatic innovation, careful attention and the pursuit of excellence. It also further strengthened our skilled craftsman workforce, enhanced employees' job-related skills and capabilities, fostered a strong culture of benchmarking, learning, catching up, mutual support and surpassing others, and laid a solid foundation for our high-quality development.

Jiaxipera successfully established and commenced substantive operations of the "Jiaxipera Model Worker and Craftsman Academy". The Academy was approved as one of the first member institutions of the Jiaxing Model Worker and Craftsman Academy Alliance, marking a critical step forward for our Company in the systematic and structured cultivation of highly skilled talent.

Establishment of the Model Worker and Craftsman Academy

Employee Awarded the "Jingdezhen Labor Day Medal"

Warm Care | Enhancing Support Systems and Delivering Huayi's Care

Changhong Huayi continues to improve its employee care and support system, striving to create a secure, stable, and people-oriented working and living environment for employees.

Key Performance

We have formulated the *Employee Care and Condolence Management System*. The Party organization, administrative management, labor union, and youth league consistently carry out employee care initiatives with dedication. The leadership team conducts regular visits and support activities for Party members and employees each year. During the year, 481 employees received support and hardship assistance in cases such as marriage, childbirth, illness, bereavement, and retirement, with nearly RMB 1 million distributed in hardship subsidies, employee care funds, and other assistance. Scholarships and grants totaling RMB 49,000 were awarded to 36 employees' children admitted to universities. We also extended congratulations and best wishes to newly married employees in a timely manner.

During the year, 481 employees received support and hardship assistance in cases such as marriage, childbirth, illness, bereavement, and retirement, distributed in hardship subsidies，with nearly

RMB 1 million

We have organized the "Five Ones" employee care initiative, including hosting symposiums and group gatherings for retired employees and presenting commemorative albums, flowers, and souvenirs. It also organized a three-day "wellness and learning retreat" for advanced collectives, outstanding individuals, female role models, young professionals, active union members, corporate craftsmen, and awardees of advanced operational practices. Concern and care were extended to over 7,600 employees working under high-temperature conditions. Supplementary mutual medical insurance plans were purchased for more than 2,000 employees. Birthday cards were distributed to 7,600 employees, with a total value approaching RMB 1 million. The standard of holiday benefits has been increased year by year, with total distribution reaching RMB 6 million.

with total distribution reaching

RMB 6 million

We have coordinated and resolved difficulties in life for more than 30 employees and their families such as school enrollment and medical treatment . In collaboration with medical institutions, a family doctor service studio was established, and medical expert teams were invited to provide health consultations and free medical services on-site.


Care for Retired Employees


Support for Employees in Need

Our Company places great importance on employees' physical and mental well-being and actively promotes work-life balance. By improving infrastructure and enriching cultural activities, it strives to build a people-oriented and vibrant corporate culture environment.

Key Performance

Changhong Huayi has actively implemented employee care and corporate culture initiatives. It organized two sessions for seven model workers and frontline employees to participate in recuperation programs organized by the municipal federation of trade unions. It successfully hosted the 11th Employee Sports Games, attracting more than 600 employees and their family members, with over 1,100 participations. In 2025, more than 100 new books were added to the employee reading rooms.

In 2025, books were added to the employee reading rooms.

more than **100** volumes

Throughout the year, our Company organized various cultural and recreational activities, including Lantern Festival riddle guessing, a photography contest, women employees' health lectures, fun sports events, Dragon Boat Festival parent-child activities, and Mid-Autumn and National Day garden parties, with total participation exceeding 5,000 person-times, effectively fostering a healthy, harmonious, and positive corporate culture atmosphere.

Dedicated funds were invested to transform previously idle space into an "Employee Activity Center" integrating fitness, learning, and entertainment functions. The center is scientifically zoned, operates on scheduled opening hours with dedicated management, and encourages employees to exercise and relieve stress during their leisure time.

11th Employee Sports Games


Employee Activity Center

Mid-Autumn Festival Garden Party Activities

Co-governance and Shared Development | Enhancing Participation Channels and Stimulating Internal Momentum

Changhong Huayi strictly complies with *the Trade Union Law of the People's Republic of China* and *the Constitution of the Chinese Trade Unions*, standardizes democratic management practices, establishes diversified employee communication platforms, and ensures smooth democratic communication channels. We fully mobilize employee initiative, effectively safeguards employees' rights to information, participation, expression, and sharing, consolidates collective wisdom, and promotes our sound and sustainable development.

Enhancing Democratic Channels and Harnessing Collective Wisdom for Development

Our labor union holds quarterly employee forums and has established a closed-loop management mechanism for employee suggestions, with regular follow-up and implementation. In 2025, more than 100 employee suggestions were collected, with a completion rate exceeding 90%, effectively responding to employee concerns. At the same time, our Company continuously carried out rationalization proposal and "golden idea" solicitation activities, encouraging all employees to participate in corporate management. In 2025, more than 3,600 proposals were received, of which over 1,500 were assessed as implementable, generating direct economic benefits of nearly RMB 2 million and achieving collective participation in promoting development.

In 2025

employee suggestions were collected Completion rate exceeding **90**%	In 2025, more than proposals were receivedmore proposals **3,600**	generating direct economic benefits of nearly **RMB 2** million

Our Company strictly implements democratic management and information disclosure systems. Key matters such as important personnel appointments and removals, major decisions, and evaluations and awards are promptly disclosed through the OA system to ensure employees' right to information. Major decisions involving employee welfare are subject to deliberation and approval by the Employee Representative Congress, and employee participation is incorporated into the evaluation process for middle-level management appointments, fully safeguarding employees' rights to participation and expression. In addition, the chairman of the labor union serves as the employee director, exercising the right of democratic oversight on behalf of all employees and helping to build a comprehensive, multi-level democratic management system.

Improving Complaint and Feedback Mechanisms to Safeguard Communication Rights

Our Company has established *the Employee Performance Management Measures* and built a comprehensive employee complaint and feedback mechanism to effectively protect employees' legitimate rights and communication rights. Under the complaint mechanism, employees who have concerns regarding the performance evaluation process or results may communicate directly with their department heads or submit complaints to the Operations and Human Resources Department. As the responsible body for handling complaints, the Operations and Human Resources Department will conduct a comprehensive investigation within 10 working days upon acceptance, adhering to principles of objectivity and fairness. Where necessary, a review meeting involving the complainant, the responsible evaluator, and the relevant supervisors will be convened to make decisions in an open and transparent manner. The results will be promptly communicated to both parties and implementation will be supervised to ensure proper resolution of concerns.

In terms of performance feedback and interviews, after the annual evaluation is completed, department heads promptly communicate evaluation results to employees. For employees with unsatisfactory performance, performance interviews are proactively conducted to analyze root causes, provide targeted improvement recommendations, and assist in formulating detailed improvement plans, thereby supporting employee performance enhancement and promoting mutual growth between employees and the company.

Deepening Incentive Mechanisms to Build a Community of Shared Development

To promote high-quality and sustainable development and fully stimulate the initiative, proactiveness, and creativity of management teams and core personnel, our Company continues to improve its incentive and restraint mechanisms, aiming to closely align the interests of shareholders, the company, and employees. Through the formulation and implementation of the *14th Five-Year Performance Incentive Plan (2021–2025)*, we have established a long-term incentive system covering directors, senior management, and other core management, technical, and marketing personnel. Eligible participants may receive incentive funds upon meeting the grant conditions. Employees use after-tax incentive funds combined with a portion of their annual base salary to increase their holdings of the company's shares through open market transactions, thereby transforming from "passive participants" into members of a "community of shared development". This mechanism not only strengthens the equity-based linkage of shared risks and benefits between key employees and the company, but also enhances employees' sense of participation and belonging in the company's development.

As of the end of 2025

A cumulative total of **496 participation** instances had been recorded, with incentive recipients cumulatively increasing their holdings by **10.10 million shares,** totaling RMB **64.63 million**. This has effectively consolidated core capabilities, stabilized the talent pool, and reinforced the foundation for our long-term sustainable development.

Year	Number of Employees Covered	Allocated Amount (RMB 10,000)	Amount Invested in Share Purchases (RMB 10,000)	Number of Shares Purchased (10,000 shares)
2021	59	1,480	1,571	284
2022	67	1,969	1,937	326
2023	163	2,535	2,955	400
2024	207	2,927	In progress	In progress

In 2025, our Company formulated *the Share Repurchase Plan*, under which part of the company's shares will be repurchased through centralized bidding transactions. The total repurchase amount will be no less than RMB 150 million (inclusive) and no more than RMB 300 million (inclusive), and the repurchased shares will be used for the implementation of equity incentives.

Women's Empowerment

Safeguarding Women's Rights and Demonstrating the Power of Equality

At Changhong Huayi, female employees are not only contributors to corporate development but also carriers of a warm corporate culture. Our Company consistently integrates gender equality into its management framework. Through comprehensive institutional safeguards and diverse empowerment initiatives, it enables every female employee to thrive and develop in the workplace.

We have has established a Women Workers' Committee to improve the organizational system for rights protection, effectively safeguarding the legitimate rights and special interests of female employees, actively listening to their concerns, and coordinating solutions to practical issues. It strictly implements *the Special Provisions on Labor Protection for Female Employees*, legally safeguarding women's rights during menstruation, pregnancy, maternity, and breastfeeding periods, standardizing leave policies such as maternity leave and breastfeeding leave, and continuously creating a safe and healthy working environment. Multiple communication channels, including the Employee Representative Congress, labor union forums, and suggestion boxes, are maintained to ensure that reasonable demands of female employees are promptly addressed and efficiently resolved.

In terms of career development, Changhong Huayi provides equal and broad advancement pathways for female employees. Parallel career tracks in management and professional technical fields enable women with diverse strengths to find suitable development paths. Regular recognition programs such as "Outstanding Female Employee" and "Women Role Model" are conducted to highlight exemplary individuals and promote role models. In 2025, our Company recognized a number of outstanding female employees, advanced collectives, and exemplary employee families on International Women's Day. Several female employees and collectives received honors awarded by municipal women's federations and higher-level trade unions, demonstrating the positive spirit and outstanding contributions of female employees. Through themed publicity initiatives such as "Women's Strength and Responsibility" and "Empowered Women in Action", our Company showcases female achievements and promotes positive values.

Changhong Huayi attaches great importance to the physical and mental health and well-being of female employees. It organizes annual health examinations, including gynecological check-ups, establishes health records, and provides "Female Employee Well-being Insurance" for all female employees. Regular lectures on women's health, mental health, and workplace stress management are conducted to enhance self-care awareness. Outstanding female employees are organized to participate in recuperation programs to relieve stress and strengthen cohesion. For pregnant employees, necessary work accommodations and labor protection are provided, and timely care and support are extended after childbirth, ensuring comprehensive protection of their well-being.

Through diverse cultural activities and supportive initiatives, our Company fosters a strong atmosphere of respect and care for women. Each year, a series of activities are organized for International Women's Day, including commendations, recreational events, cultural performances, and holiday sympathy. Regular activities such as walking, fitness running, and dance programs are also conducted to enrich employees' leisure lives and promote well-being. Care is also extended to employees' families. On Children's Day, holiday sympathy is provided to employees' children, and the "Most Beautiful Employee Family" selection is conducted to promote positive family values and support female employees in balancing work and family, thereby achieving harmonious and coordinated development between employees and the company.

The Company Office was awarded the title of "Women's Civilized Post"

Women's Day Activities

Chapter I Governance

Building a Solid Foundation for Huayi and Co-creating Value

Changhong Huayi continuously improves its corporate governance system to achieve a more efficient and comprehensive governance and decision-making process, enhance operational efficiency, and promote High-quality Development through strengthening governance foundations, focusing on core businesses, and optimizing strategic layout.

1–10 Year Targets (2021–2030)	Completion Status in 2025
Improve the corporate governance and Compliance Management system, standardize corporate operations, ensure no material governance deficiencies, and prevent any major violations of laws and regulations.	Completed. No material governance deficiencies occurred during the year, and no major violations of laws and regulations were identified. Governance operations were standardized.
Focus on the core compressor business, promote the High-quality Development of the listed company, improve operating performance, and effectively safeguard the interests of the company and all shareholders.	Completed. In 2025, operating performance improved steadily, with operating revenue reaching RMB 11.781 billion and net profit attributable to shareholders of the listed company reaching RMB 495 million.

Response to the United Nations Sustainable Development Goals (SDGs)

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Compliance Management with Integrity and Ethical Conduct

Changhong Huayi adheres to compliant operations, improves its Internal Control system, promotes integrity education, and upholds the principles of honesty and fairness, achieving standardized governance, orderly compliance, and integrity-driven development.

Corporate Governance

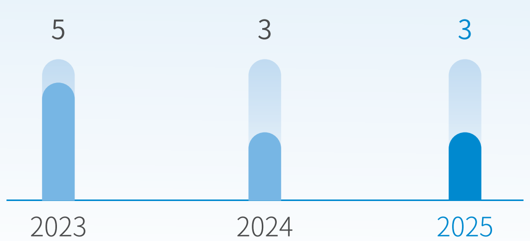
Changhong Huayi strictly complies with *the Company Law, the Securities Law*, the Code of Corporate Governance for Listed Companies, *the Shenzhen Stock Exchange Listing Rules, the Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 1—Standardized Operation of Main Board Listed Companies*, and other relevant laws and regulations. We continuously improve our corporate governance structure, strengthens our Internal Control system, enhances Information Disclosure, further standardizes operations, and improves governance standards.

Our Company has established, in accordance with the law, a corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, specialized committees under the Board of Directors, and senior management. A coordinated and mutually balanced mechanism has been formed among the authority body, decision-making body, supervisory functions, and management, with clearly defined powers and responsibilities and standardized operations. Internal systems have been formulated covering rules of procedure for governance bodies, independent directors, Information Disclosure, Protection of Shareholders' Rights, related-party transactions, and Internal Control. Through the formulation of *the Articles of Association* and the implementation of various internal systems, we have clarified the responsibilities, authorities, procedures, and obligations of each level of organization in decision-making, execution, and supervision.

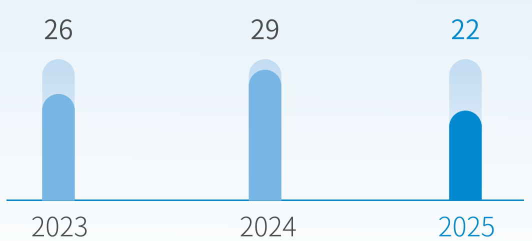
General Meeting of Shareholders

The General Meeting of Shareholders is the company's highest authority and is responsible for reviewing and approving major matters of the company. Our Company strictly regulates the convening, holding, and voting procedures of the General Meeting of Shareholders in accordance with laws, regulations, *the Articles of Association*, and *the Rules of Procedure for the General Meeting of Shareholders.* In terms of meeting format, our Company provides both on-site meetings and secure, cost-effective, and convenient online voting methods, facilitating shareholders' participation in corporate governance.

At the same time, our Company implements separate vote counting for minority investors on all matters submitted to the General Meeting of Shareholders and discloses voting results in a timely manner, thereby effectively protecting the interests of minority investors and ensuring that all shareholders, especially minority shareholders, can fully exercise their rights.



Number of General Meetings of Shareholders



Total Number of Resolutions Approved at General Meetings of Shareholders

Board of Directors

The Board of Directors is accountable to the General Meeting of Shareholders and serves as the company's decision-making body, responsible for implementing resolutions of the General Meeting of Shareholders and determining the company's business plans and investment strategies. The Board of Directors has established four specialized committees: the Strategy Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Appraisal Committee. Independent directors account for more than half of the members of the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, and serve as conveners. Each specialized committee fully leverages its professional expertise to undertake the discussion, decision-making, supervision, and evaluation of major matters, thereby supporting the Board of Directors in making scientific decisions and improving decision-making efficiency and quality.

In 2025, the Board of Directors convened a total of 11 meetings. All meetings were held in strict compliance with relevant laws, regulations, and *the Articles of Association*, and all resolutions were lawful and valid.

Indicator	Unit	2023	2024	2025
Number of Board Meetings	Times	10	9	11
Total Number of Resolutions Approved by the Board	Items	58	63	59
Attendance Rate of Directors	%	100	100	100
Number of Audit Committee Meetings	Times	7	7	6
Number of Strategy Committee Meetings	Times	3	2	5
Number of Remuneration and Appraisal Committee Meetings	Times	2	3	1
Number of Nomination Committee Meetings	Times	3	2	1

Responsibility Honors

Changhong Huayi was awarded the 2025 Outstanding Practice Case Award for the Board of Directors of Listed Companies.

Changhong Huayi was awarded the 2025 Outstanding Practice Case Award for the Board of Directors Office of Listed Companies

• Board Diversity

Our Company attach importance to diversity in the composition of the Board of Directors. The Board consists of 9 members, including 3 independent directors and 1 employee representative director. Members of the Board possess extensive experience in corporate management, strategic investment, professional technology, risk and compliance, and financial management. Independent directors account for one-third of the Board members.

Indicator		Unit	2025
Total Number of Directors		Persons	9
Directors by Education Level	Doctoral	Persons	3
	Master's	Persons	4
	Bachelor's	Persons	2
Directors by Professional Background	Corporate Management	Persons	3
	Strategic Investment	Persons	2
	Finance	Persons	1
	Technical Expertise	Persons	2
	Risk and Compliance	Persons	1
Directors by Age Group	30-40	Persons	1
	40-50	Persons	1
	Above 50	Persons	7

• Independent Directors

Our Company have established a sound system for independent directors and convenes dedicated meetings of independent directors to review related-party transactions, cash dividends, and major matters, and to issue independent opinions. This mechanism fully plays a supervisory and balancing role, effectively prevents and mitigates operational risks, and safeguards the interests of the company and all shareholders.

Indicator	Unit	2023	2024	2025
Proportion of Independent Directors	%	33	33	33
Proportion of Independent Directors with Tenure Exceeding 6 Years	%	0	0	0
Proportion of Independent Directors Serving in More than Three Listed Companies	%	0	0	0

Reform of Supervisory Structure

On September 11, 2025, Our Company convened its first extraordinary General Meeting of Shareholders of 2025 and approved *the Proposal on Revising the Articles of Association*. In accordance with relevant provisions of the *Company Law of the People's Republic of China* and the Guidelines for the Articles of Association of Listed Companies, our Company no longer maintains a Supervisory Board or supervisors. The functions of the Supervisory Board as stipulated in *the Company Law* are now performed by the Audit Committee of the Board of Directors. Corresponding amendments were made to *the Articles of Association* and *the Rules of Procedure for Specialized Committees of the Board of Directors,* thereby establishing a more streamlined and efficient governance structure.

Senior Management and Remuneration Management

• Team Composition

Our Company has a total of six senior management members, including one General Manager, two Deputy General Managers, one Secretary to the Board of Directors, one Chief Accountant, and one Chief Engineer. The senior management team is drawn from frontline functions including production, technology, marketing, finance, and investment and M&A, with an average of 30 years of industry experience. They possess extensive management expertise and a deep understanding of market and customer needs, as well as the ability to anticipate industry cycles.

• Tenure System and Contract-based Management

Our Company fully implements a tenure-based and contract-based management system. Performance indicators are established in alignment with our high-quality development objectives, and a dynamic mechanism for management mobility is in place. Adhering to performance-oriented and market-oriented principles, our Company clarifies responsibilities, rights, and obligations, strictly manages tenure and performance evaluation, and implements market-oriented remuneration distribution, performance evaluation, and exit mechanisms for senior management through customized employment contracts and tenure performance agreements.

• ESG Performance Evaluation System

Our Company has established an ESG Performance Evaluation system. Annual performance responsibility agreements are signed with management members and affiliated enterprises, covering key areas such as production safety, environmental protection, and lawful and compliant operations. Performance evaluation results are directly linked to remuneration, thereby strengthening accountability and promoting the achievement of sustainable development objectives.

During the reporting period

During the Reporting Period, the total remuneration actually received by all directors and senior management amounted to RMB

10.0229 million

• Capacity Building for Duty Performance

Our Company organizes directors and senior management to participate in various training programs conducted by the Jiangxi Securities Regulatory Bureau and the Shenzhen Stock Exchange. These include training on new capital market regulations such as *the Administrative Measures for Major Asset Restructuring of Listed Companies*, *the Provisions on Suspension and Exemption of Information Disclosure by Listed Companies*, and *training on financial fraud prevention and market value management*. These efforts enhance sensitivity to regulatory requirements and improve governance capabilities.

2025

Directors and senior management participated in **11** external regulatory training sessions.

Continuous Improvement of Governance Mechanisms

During the Reporting Period, Our Company optimized its governance structure in response to new regulatory requirements and operational needs, successfully completing amendments to *the Articles of Association* and the reform of the supervisory structure. It standardized the resignation and appointment processes for senior management, revised and improved more than 10 governance systems including *the Rules of Procedure for the General Meeting of Shareholders, the Rules of Procedure for the Board of Directors*, *the Independent Director System, the Detailed Rules for the Work of the General Manager, and the Internal Audit System*, and continuously enhanced its governance framework. New systems such as *the Management System for Director Resignation* and *the Management System for Suspension and Exemption of Information Disclosure* were established to further standardize the management of key personnel and Information Disclosure procedures. More than 100 internal control systems were newly formulated or revised, including *the Internal Authorization Manual, the Seal Management System, the Management System for Incompatible Positions and Segregation of Duties, and the Accountability System for Violations in Business Operations and Investment*, promoting the full integration of Compliance Management into all aspects of corporate governance and ensuring lawful and compliant business operations. At the same time, our Company revised *the list of "Three Major and One Large" decision-making matters* to strengthen management and supervision of such matters and further clarify the boundaries of authority and responsibility among governance bodies.

In addition, to further implement the strategic deployment for high-quality development of listed companies, we have formulated *the Changhong Huayi High-quality Development "One Enterprise, One Policy" Implementation Plan*, focusing on six key areas—strategic management, corporate governance, risk prevention and control, intelligent and digital transformation, value creation, and assessment and incentives. Through targeted measures and systematic implementation, our Company aims to comprehensively enhance its core competitiveness and achieve high-quality and sustainable development.

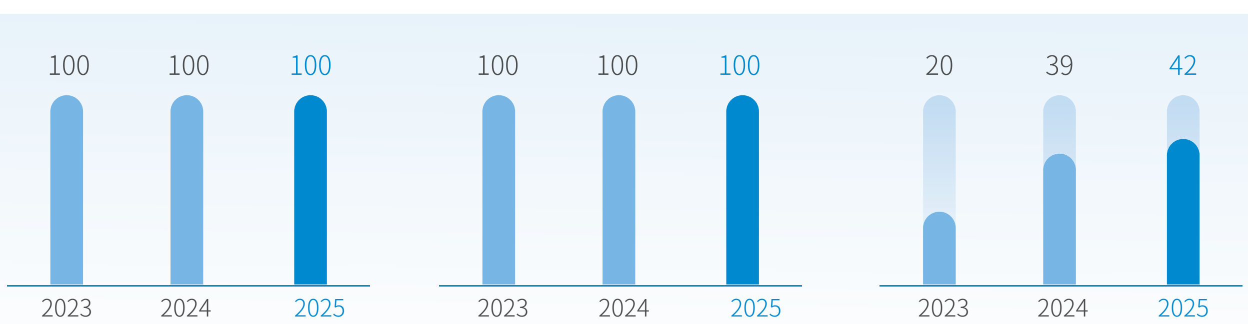
Compliance Management

Our Company has established management systems including *the Changhong Huayi Compliance and Risk Control Management System, the Changhong Huayi Compliance Review Management Measures, and the Control Procedures for Legal and Regulatory Requirements and Compliance Evaluation*. These systems cover core business processes such as sales, R&D, procurement, manufacturing, and delivery, providing institutional support for the company's operations and risk control. In 2025, we conducted 42 compliance training sessions, with a total of 1,181 participations.

2025

We conducted compliance training sessions **42** Times

With a total of **1,181** participations.



Contract Legal Review Rate (%)

Contract Performance Fulfillment Rate (%)

Number of Compliance Training Sessions (Times)

Business Ethics

We uphold the principle of integrity as its foundation and ethical conduct as its core. Whether in cooperation with suppliers or in providing products and services to customers, we strictly adhere to ethical standards, participate in market competition with fairness and impartiality, firmly reject improper practices, and are committed to fostering a healthy and orderly business environment. Guided by strong business ethics, our Company continues to build an outstanding brand and a long-standing reputation. During the Reporting Period, Changhong Huayi did not experience any material incidents involving violations of laws, regulations, or business ethics.

Anti-bribery and Anti-corruption

Our Company continuously advances the development of integrity and compliance systems. To prevent business ethics risks, it has established a layered and categorized system covering Anti-bribery and Anti-corruption, strengthened integrity training, reinforced suppliers' business ethics requirements, and consolidated governance foundations to foster a sound business ecosystem. In 2025, our Company conducted 14 integrity promotion and training sessions, covering more than 5,200 participants.

2025

Our Company conducted integrity promotion and training sessions **14** Times

Covering more than **5,200** participants

Integrity Compliance Systems for Leadership Personnel

- *Several Provisions on Integrity Practice of Leaders in State-owned Enterprises*
- *Regulations on Disciplinary Actions for Managers of State-owned Enterprises*

Integrity Compliance Systems for Employees in Key Positions

- *Code of Conduct for Procurement Personnel*
- *Code of Conduct Management System for Customer Service Personnel*

Integrity Compliance Systems for Various Management Personnel

- *Several Provisions on Integrity Practice for Leaders at All Levels*
- *List of Integrity Risk Identification, Investigation and Control*
- *Measures for Accountability for Violations in Business Operations and Investment*
- *Standards for Fault Tolerance and Exemption in Business Operations and Investment*

Integrity Compliance Systems for All Employees

- Employee Code of Conduct Management System
- Management System for Incompatible Positions and Segregation of Duties;
- Work Recusal System for Employees' Close Relatives

Indicator	Unit	2023	2024	2025
Number of Anti-bribery and Anti-corruption Training Sessions	Times	7	8	8
Number of Participants in Anti-bribery and Anti-corruption Training	Person-times	1,550	1,600	1,650
Coverage Rate of Anti-bribery and Anti-corruption Training	%	95	98	99
Total Number of Directors Receiving Anti-bribery and Anti-corruption Training	Persons	7	7	7
Proportion of Directors Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number of Management Personnel Receiving Anti-bribery and Anti-corruption Training	Persons	204	213	215
Proportion of Management Personnel Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number of Employees Receiving Anti-bribery and Anti-corruption Training	Persons	550	625	676
Coverage Rate of Anti-bribery and Anti-corruption Training for Employees in Key Positions	%	100	100	100

Case Integrity Warning and Education Session

Changhong Huayi organized an integrity education meeting to study and implement the important principles on integrity governance, arranged special training on the implementation of relevant regulatory requirements, conducted collective integrity discussions for leadership and key personnel, and organized centralized viewing of warning and education films such as *Anti-corruption for the People* and *Eliminating Corruption in State-owned Enterprises*. Typical cases of violations of discipline and law were also reported to enhance integrity awareness among all leadership and key position employees.

Changhong Huayi carried out integrity education and training activities.

Whistleblower Protection

We have established *the Changhong Huayi Petition and Whistleblowing Management Measures* and set up a multi-channel reporting mechanism. Reports are centrally received by the Discipline Inspection and Supervision Department, with strict confidentiality maintained for whistleblower information. Depending on the nature of the report, investigation teams composed of multiple departments are organized to conduct time-bound investigations. The handling results are fed back to whistleblowers as appropriate, ensuring an orderly reporting mechanism.

Rights and Obligations of Whistleblowers

- Whistleblowers have the right to submit reports truthfully to the discipline inspection and supervision department, using their real names, and to express legitimate claims.
- Whistleblowers shall comply with national laws and reporting procedures, reflect facts truthfully, and shall not fabricate, distort facts, or falsely accuse others.
- Whistleblowers are required, in principle, to submit reports under their real names and provide supporting evidence to facilitate investigation and verification. Anonymous reports, unclear submissions, or reports with vague facts will generally not be accepted.

Whistleblowing Channels

Reporting Email: huayijw@hua-yi.cnmailto

Reporting Hotline: 0798-8470156

Anti-monopoly and Fair Competition

We strictly complies with *the Anti-monopoly Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China, the Foreign Trade Law of the People's Republic of China*, as well as relevant laws and regulations applicable to its overseas operations. It has formulated *the Code of Conduct Management System for Customer Service Personnel*, actively promotes a fair and integrity-based competitive mechanism, and is committed to fostering a fair market environment. We firmly opposes any conduct that restricts or eliminates market competition through improper means, thereby safeguarding the healthy and orderly development of the market.

To systematically regulate anti-monopoly and fair competition risk management, we have established a full-process management mechanism. Risk Monitoring: Real-time tracking of updates to laws and regulations, combined with industry characteristics, to identify potential compliance risk points. Contract Management: Refusal to include contract terms that violate fair competition or involve price monopolization.

2025

Changhong Huayi did not engage in any unfair competition practices

Had no material Internal Control deficiencies

And did not experience any significant non-compliance incidents

Organizational Structure and Responsibilities for Anti-monopoly and Fair Competition

Leadership Body

The Discipline Inspection and Supervision Department is responsible for formulating and revising policies, organizing general and specialized training, receiving internal reports and leading investigations, and responding to regulatory inquiries and investigations.

Execution Bodies

The Operations and Human Resources Department and external legal counsel provide compliance review opinions for major contracts and other matters. The Marketing Department ensures strict compliance with relevant systems in daily marketing plans and sales policies.

Supervisory Body

The Internal Audit Department conducts regular compliance audits and supervision of relevant business activities.

Risk Prevention and Governance Enhancement

Changhong Huayi strengthens risk prevention and control as well as internal audit, promotes issue rectification, and reinforces its risk control framework to continuously enhance governance effectiveness.

Risk Management

Our Company attaches great importance to Compliance Management, risk management, and Internal Control. It has established a Compliance and Risk Prevention Leading Group, appointed a Chief Compliance Officer, and set up a dedicated compliance and risk control management department. Responsibilities for compliance and risk control have been clearly defined across departments, forming the "Three Lines of Defense" for compliance risk management.

Three Lines of Defense for Compliance Risk Management of Changhong Huayi

First Line of Defense	Second Line of Defense	Third Line of Defense
Business and functional departments risk identification, assessment, control, rectification, and reporting	**Compliance and risk control management department** organize the integrated system of compliance, risk, and internal control	**Discipline inspection and audit departments** risk identification, effectiveness evaluation, supervision, and accountability

In accordance with *the Company Law*, *the Accounting Law*, and other relevant laws and regulations, and in combination with actual operational conditions, we have formulated *the Compliance and Risk Prevention and Control Management Measures*, which define risk identification, assessment, response, and other management activities.

Annual Risk Assessment

At the beginning of each year, our Company conducts comprehensive identification and assessment of initial operational risks, focusing on analyzing root causes, identifying issues, assessing risk levels, and forming a risk register after ranking risks.

Routine Risk Reporting

Our Company has established a major risk monitoring and early warning mechanism. Each subsidiary submits a monthly register of major operational risks (with estimated losses exceeding RMB 5 million) to our compliance and risk control management platform. For major risks, monthly updates on progress and effectiveness must be reported until the risk is fully mitigated and closed. Newly identified major risks must be reported within two working days of identification. Each company also determines risk rectification targets based on actual operations, formulates rectification plans, specifies timelines, and promotes implementation.

Special Assessment of Overseas Subsidiary Risks

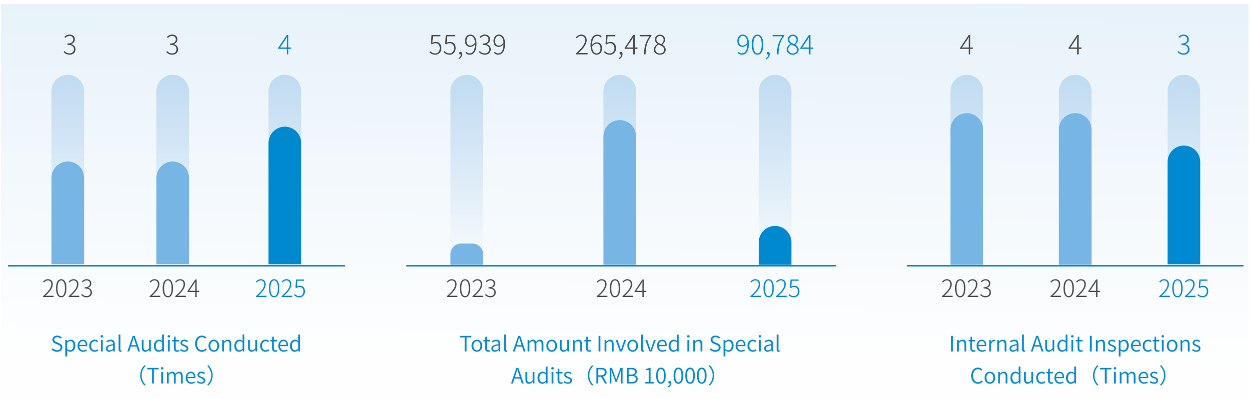
In 2025, to systematically identify and effectively prevent operational risks in overseas subsidiaries and promote sound and sustainable overseas business development, we conducted comprehensive assessments of Huayi Compressor Barcelona S.L. and Jiaxipera Mexico. The evaluation covered strategic positioning, organizational structure, business models, and risk identification, resulting in a series of risk assessment reports. The assessment confirmed that both overseas subsidiaries have well-established organizational structures and operate in strict compliance with local laws and regulations, including taxation, environmental protection, and labor laws.

Internal Audit

Our Company focuses on business processes, Internal Control, Risk Management and Control, and Compliance Management. It continuously optimizes and improves its audit systems and mechanisms, enhances audit efficiency and effectiveness, and strengthens full-coverage audit supervision. During the Reporting Period, our Company did not experience any material risks, major litigation, regulatory penalties, or incidents of dishonesty.

2025

- Our Company revised and issued *the Internal Audit System*, strengthening the standardization, process orientation, and digitalization of audit work, thereby improving audit quality and efficiency;
- We completed performance audits for the company and its controlled subsidiaries in 2025, along with multiple routine and special audits, covering nine operating entities in areas such as business operations, management efficiency improvement, performance achievement, and risk control. A total of **58** audit findings and management concerns were identified, and **84** audit rectification measures and recommendations were proposed;
- A total of **125** process-tracking projects were completed, including **7** material pricing reviews, **82** fixed asset procurement reviews, **19** scrap material disposal reviews, and **17** service procurement reviews.



Audit personnel conducted inventory checks in warehouses.

Case Remarkable Results from Special Audit on Plastic Parts Procurement

In 2025, Changhong Huayi carried out a "Special Audit on Plastic Parts Procurement". The audit focused on key areas including the establishment and implementation of procurement systems, procurement planning, and procurement strategies. Through this audit, three issues related to operational efficiency improvement were identified, uncovering cost-saving opportunities exceeding RMB 30 million. This project played a significant role in enhancing operational efficiency, strengthening cost advantages, and supporting efficient operations in a competitive market environment.

Uncovering cost-saving opportunities exceeding **RMB30** million

Audit personnel carefully compared each type of plastic component.

Transparent Communication and Value Sharing

Changhong Huayi continuously strengthens Investor Relations Management, builds diversified communication channels, strictly fulfills Information Disclosure obligations, and achieves value sharing with investors through transparent communication.

Investor Relations Management

Our Company places great importance on communication with shareholders, investors, and potential investors. It continuously enhances Investor Relations Management, actively establishes fair, transparent, and mutually beneficial investor relationships, listens to investor feedback, improves market value management, and safeguards investors' long-term interests.

Our Company has established a multi-level interactive mechanism to ensure smooth communication channels and continuously improve communication effectiveness:

Meeting-based Communication

Our Company has established a two-way communication mechanism by actively engaging with shareholders and investors through General Meetings of Shareholders, investor site visits, performance briefings, and online investor meetings.

Investor Engagement Activities

Our Company organizes various activities, including research visits, conference calls, and on-site tours, to help investors better understand its operations.

Media Communication

Through official WeChat accounts and video platforms, our Company presents its latest developments in formats such as visual infographics and short videos. We actively leverage diversified media channels to expand the reach and impact of information dissemination. At the same time, we continuously improve the investor relations section of its official website to provide timely updates for investors.

Online Interaction

Our Company responds promptly to investor inquiries on the "Interactive Easy" platform. For issues requiring confirmation with business units, it coordinates with relevant personnel promptly to ensure timely responses.

Telephone, Fax, and Email

Dedicated investor contact telephone lines, fax, and email are maintained to ensure smooth communication during working hours, with designated personnel responsible for responding to investor inquiries.

Strategy Conferences	Our Company actively participates in large-scale investor communication events organized by securities firms, strengthening interaction with investors and enhancing its brand image in the capital market.
Two-way Communication	Through proactive engagement with investors, our Company introduces its business operations and strengthens investor understanding.

Case Recognized as "Best Practice" for Efficient Investor Communication

On April 28, 2025, Our Company held its 2024 annual performance briefing primarily through online interaction. A total of 23 participants registered, with 9 attending online. Eight questions were addressed, achieving a 100% response rate. To further enhance investor participation and experience, a replay function was provided, allowing investors who could not attend in real time to access the meeting content afterward. To date, the webpage has received 267 views, effectively extending the timeliness and reach of performance communication. This event was awarded the "Best Practice in Annual Results Briefing 2024" by the China Association for Public Companies.

Our Company received the "Best Practice in Annual Results Briefing 2024" award.

Case Regular Organization of Performance Briefings

Building on the annual performance briefing, Our Company proactively organized a semi-annual performance briefing following the disclosure of its 2025 interim report. The meeting was oriented toward investor needs, with pre-meeting announcements and solicitation of questions. Investor concerns were addressed comprehensively and accurately, strengthening interaction and enhancing investor understanding and recognition of our business and long-term value, thereby continuously improving the quality of Investor Relations Management.

Invitation letters for the Company's 2024 annual performance

Invitation letter for the Company's 2025 semi-annual performance briefing

Safeguard Stakeholders' Interests

In its pursuit of steady development, Changhong Huayi consistently places the safeguard of stakeholders' interests at the core, comprehensively considering shareholders' interests. Our Company strictly adheres to the principles of Information Disclosure—truthfulness, accuracy, completeness, timeliness, and fairness—and proactively discloses operational developments and major matters through periodic reports, ad hoc announcements, and performance briefings, thereby safeguarding shareholders' right to information. At the same time, our Company actively returns value to shareholders, implements regulatory dividend policies, and formulates rolling three-year shareholder return plans. It has maintained stable dividend payouts for consecutive years, fostering harmonious relationships with shareholders and investors.

2025 Profit Distribution Plan: Based on the total share capital as of the record date for equity distribution, after deducting shares held in the repurchase account, our Company proposes to distribute a cash dividend of RMB 3.3 (tax inclusive) for every 10 shares to all shareholders. Based on the calculation using a total share capital of 695,995,979 shares as of December 31, 2025, minus 11,292,250 shares held in the repurchase account, resulting in 684,703,729 shares, the total cash dividend is expected to be approximately RMB 225.95 million (tax inclusive).

In 2025, our Company repurchased shares through centralized bidding transactions with a total amount of RMB 79.95 million (excluding transaction costs). In accordance with relevant regulations, such repurchases are deemed equivalent to cash dividends. Accordingly, the total cash dividend for 2025 amounts to RMB 305.90 million, representing 62% of the net profit attributable to shareholders of the parent company for the year.

Indicator	Unit	2023	2024	2025
Cash Dividend Amount (Tax Inclusive)	(RMB 10,000)	17,399	20,880	RMB 30,590 (including the repurchased shares amount)
Proportion of the consolidated statement's net profit attributable to the parent company's shareholders for the year.	%	48	46	62
Basic Earnings per Share	(RMB/share)	0.5203	0.6469	0.7141

Note: The 2025 profit distribution plan is subject to approval at the General Meeting of Shareholders. The above cash dividend amount is calculated based on the share capital at the end of the Reporting Period and is subject to actual implementation.

According to the 2025 cash dividend ranking of listed companies released by the China Association for Public Companies, our Company ranked 31st in the dividend payout ratio list.

Our Company ensures that all shareholders enjoy their lawful rights as stipulated by laws, administrative regulations, and the Articles of Association. In particular, minority shareholders are treated equally. Adequate time is provided for shareholders to express their views on each matter submitted for deliberation, and convenient conditions are created for shareholders to participate in General Meetings of Shareholders. Our Company engages professional lawyers to witness the General Meetings of Shareholders on-site and issue legal opinions.

During the Reporting Period

Our company convened three General Meetings of Shareholders, with an average investor participation rate of **37**%.

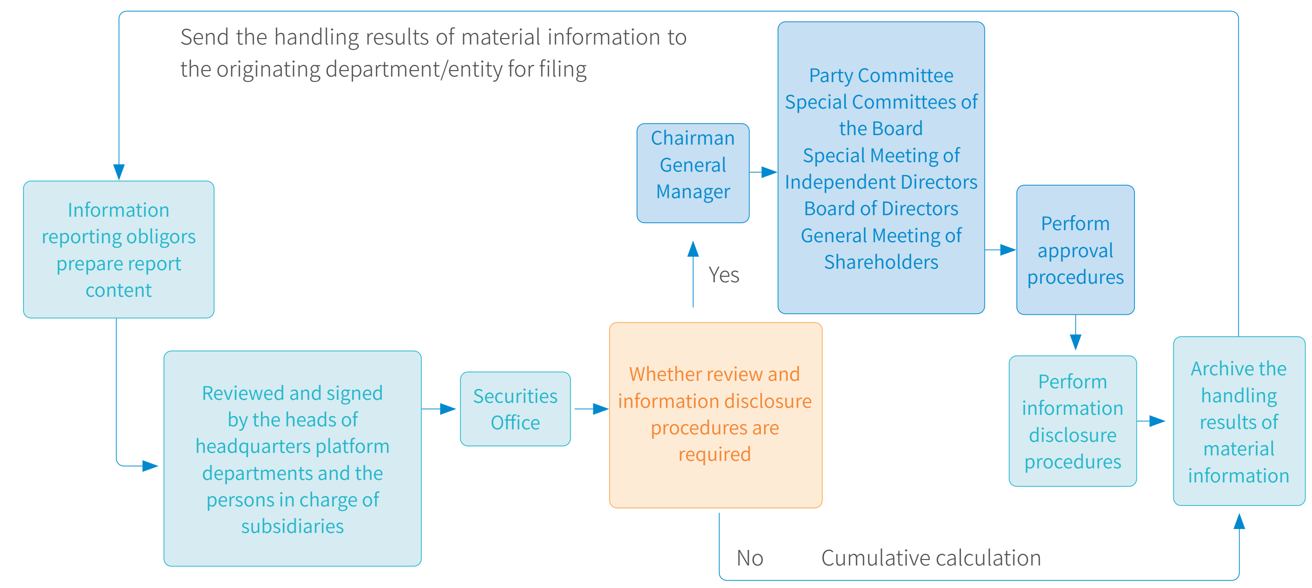
Date	Session	Investor Participation Rate	Including: Number of Minority Shareholders Participating	Number of Proposals Reviewed
June 23, 2025	2024 Annual General Meeting	40.11%	268	8
September 11, 2025	First Extraordinary General Meeting of 2025	31.95%	179	3
December 26, 2025	Second Extraordinary General Meeting of 2025	37.50%	160	11

Information Disclosure Management

Our Company complies with the *Shenzhen Stock Exchange Listing Rules* and *the Shenzhen Stock Exchange Self-regulatory Guidelines for Listed Companies No. 1—Standardized Operation of Main Board Listed Companies*.strengthens information disclosure management, performs disclosure obligations for material events, supervises relevant parties in fulfilling their disclosure responsibilities, and ensures that information disclosure is truthful, accurate, complete, timely, fair, and effective. In addition, on the basis of compliant information disclosure, our Company appropriately enhances voluntary disclosure to improve the relevance and practical value of disclosed information.

Information Disclosure-related Systems

- *Information Disclosure Management Measures*
- *Internal Reporting System for Material Information*
- *Registration and Management System for Insiders of Inside Information*
- *Information Reporting Management System for External Parties*, etc.



Information Reporting Process

Prior to the disclosure of material events, periodic reports, and interim reports, our Company strictly requires relevant personnel to register in *the Insider Information Register*, fulfill confidentiality obligations, and undertake not to engage in improper trading using inside information. In 2025, our Company continuously strengthened compliance awareness among employees by conducting training and communication on insider information management and internal reporting of material information through various channels, including on-site communication during business analysis meetings, confidentiality training, OA system notices, and email communications. These efforts ensured standardized and orderly information disclosure practices and strict compliance with laws and regulations applicable to listed companies.

Key Performance

During the Reporting Period, our Company disclosed a total of four periodic reports and **115** interim announcements. Its information disclosure rating by the stock exchange for 2024 was Grade B. **No** penalties were imposed for violations related to information disclosure.

Equal - Manner among Small and Medium-sized Enterprises (SMEs)

Our Company strictly complies with contractual terms with SMEs, ensuring that all payments due under contracts are settled on time, with no instances of overdue payments. We are committed to maintaining sound cooperative relationships with SMEs, upholding financial responsibility and prudent asset management, and ensuring equal treatment of all partners.

Chapter II Environment

Advancing Green Development for Shared Prosperity

Changhong Huayi consistently regards environmental protection as a core strategy for sustainable development and is committed to building a resource-efficient and environmentally friendly enterprise. Through technological innovation, process optimization, and green design, our Company comprehensively promotes energy conservation and emission reduction, contributes to ecological civilization, actively fulfills social responsibilities, and drives green transformation within the industry. It strives to build a green homeland and achieve harmonious coexistence between humanity and nature.

1–10 Year Targets (2021–2030)	Completion Status in 2025
We continuously advance refined energy management to reduce energy consumption intensity.	During the Reporting Period, the comprehensive energy consumption per 10,000 units was 4.56 tons of standard coal.
Strengthen Greenhouse Gas Emissions management and gradually reduce emission intensity.	Greenhouse gas emission intensity was 12.59 tCO^2e per RMB million of output value.
Enhance water conservation and Water Recycling and Reuse management to reduce water use intensity.	The wastewater recycling rate reached 28.6%.
Strengthen the classification management and resource utilization of solid waste and standardizes hazardous waste management.	The number of general and above environmental safety incidents was zero.

Response to the United Nations Sustainable Development Goals (SDGs)

7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Green Manufacturing and Eco-friendly Factories

Adhering to its mission of "protecting the Earth's environment and improving the quality of human life", Changhong Huayi integrates environmental protection requirements throughout the entire production and operation process and strives to achieve coordinated development of economic and environmental benefits.

Environmental Compliance Management

Our Company strictly complies with *the Environmental Protection Law of the People's Republic of China* and other relevant national environmental laws and regulations. It has established and continuously improved its environmental management systems, promoted Green Operations, and regularly conducted environmental safety training, striving to build a resource-efficient and environmentally friendly enterprise.

During the Reporting Period

Our total environmental protection investment amounted to RMB **11.0972** million, and environmental protection tax paid totaled RMB **125,100**.

Environmental Governance Structure

Our Company has established a centralized management platform for safety, environmental protection, and Occupational Health and Safety (OHS). Each subsidiary has set up an environmental protection management leadership group. Guided by the environmental management policy of "compliance with laws and regulations, environmental protection, energy conservation and emission reduction, and continuous improvement", our Company systematically advances environmental management initiatives.

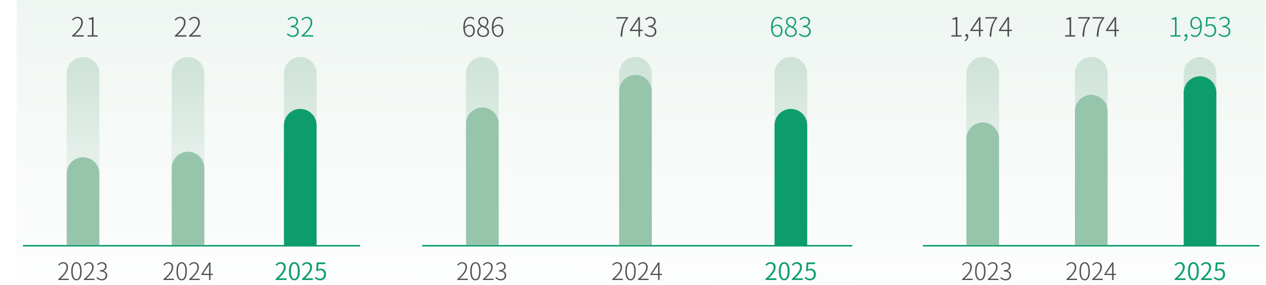
Our Company has formulated environmental management systems, including the *Environmental Protection Responsibility System, the Environmental Management System for Construction Projects*, and *the Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Waste*, to continuously standardize environmental management practices.

During the Reporting Period, Changhong Huayi, Huayi Jingzhou, and Jiaxipera all obtained ISO 14001:2015 Environmental Management System certification, effectively ensuring that production and operations comply with environmental standards.

Environmental Management System Certification Certificates

Environmental Training

During the Reporting Period, our Company extensively carried out environmental protection training at all levels. Specialized training was conducted on topics such as hazardous waste management and solid waste treatment to enhance employees' professional skills and environmental knowledge. At the same time, we actively organized employees to participate in environmental awareness activities such as World Environment Day (June 5), promoting environmental laws, regulations, and knowledge to improve overall environmental awareness.



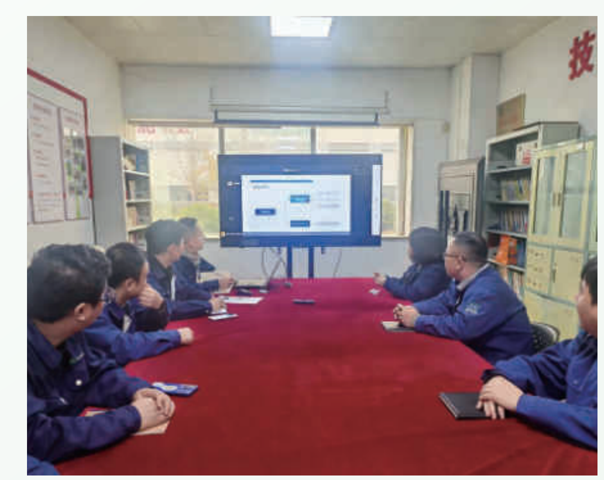
Number of Environmental Training Sessions (Times)

Number of Participants in Environmental Training (Person-times)

Total Duration of Environmental Training (hours) (Hours)

Case Training on Solid Waste Management

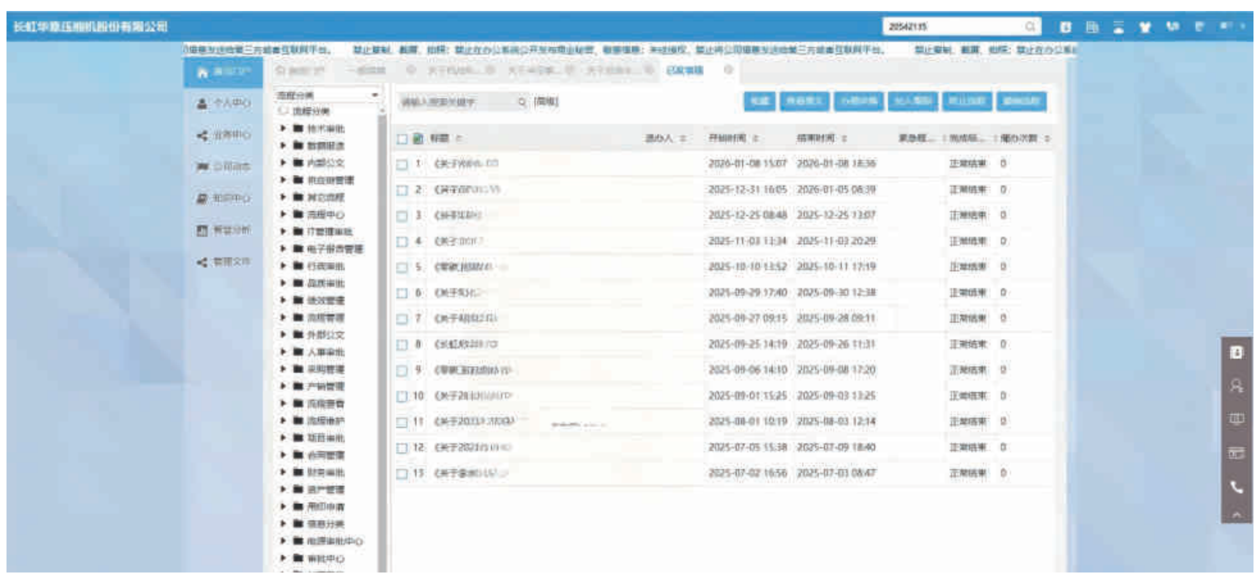
In December 2025, the Company invited external experts to conduct training on solid waste management. The training focused on definitions, classification, safety management standards, and identification methods. Through training on laws and regulations such as *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the National Catalogue of Hazardous Wastes (2025 Edition)*, participants mastered methods for identifying solid waste and understanding its hazards. They also became proficient in regulatory procedures, enabling standardized classification, collection, and labeling, thereby reducing compliance risks. Responsibilities of different units in solid waste management were clarified, reducing the likelihood of environmental incidents and achieving positive training outcomes.


Training Session

During World Environment Day activities, the Company promoted environmental safety knowledge through workshops, distribution of informational materials, and training sessions.

Green Operations

Our Company advocates green and low-carbon working and lifestyle practices and actively promotes Green Operations. During the Reporting Period, by deploying a Single Sign-On (SSO) unified identity authentication system and integrating the S6 financial approval system, our Company improved operational efficiency and data security while achieving fully online and paperless approval processes.



Financial Approval System

Environmental Risk Management

Our Company places great importance on Environmental Risk Management and continuously improves its comprehensive emergency response plans for environmental incidents. Through regular safety inspections in various forms, it conducts comprehensive identification of environmental risks and hazards, takes timely and effective measures, prevents and mitigates the environmental impact of emergencies, and enhances environmental risk prevention and emergency response capabilities.

2025 Our Company completed the triennial filing of its environmental emergency response plan

Conducted **39** environmental monitoring activities with no abnormal indicators identified,

And organized **11** environmental emergency drills.

Safety Emergency Drill Training Activities

Promoting Cleaner Production

Our Company actively promotes green and low-carbon production methods and implements clean energy substitution initiatives. Through measures such as constructing distributed photovoltaic power generation facilities, utilizing waste heat recovery from air compressors, and optimizing the energy mix, our Company steadily increases the proportion of green electricity usage, achieving a share of over 30% in production and operations. During the Reporting Period, our Company actively promoted process optimization for energy conservation, equipment upgrades, and optimization of energy systems. It continued to implement energy-saving upgrades for equipment with high energy consumption and low efficiency, including air compressors, chillers, water pumps, and fans, and accelerated the elimination and replacement of inefficient transformers, motors, and pumps, effectively reducing energy consumption.

Green Factory Construction

Our Company actively promotes the construction of Green Manufacturing facilities. Through technological innovation and process optimization, it effectively controls energy consumption and emissions. By implementing projects such as rooftop photovoltaic power stations, energy storage systems, and waste heat recovery, its green operation capabilities have been continuously enhanced, contributing to the development of a green and low-carbon ecosystem.

In 2025, Huayi Jingzhou adopted a "refined management" model and completed the construction of a rooftop photovoltaic power station, reducing fuel consumption and supporting green production. At the same time, the establishment of an intelligent microgrid and the application of intelligent equipment have enabled optimized energy management, improved equipment operational efficiency, and reduced energy consumption.

During the Reporting Period, Changhong Huayi obtained the first "Zero-carbon Factory" certification in the hermetic reciprocating compressor industry. Huayi Jingzhou was awarded the title of "2025 Hubei Province Green Factory". Jiaxipera's VTN1116Y small ultra-high-efficiency variable-frequency refrigerator compressor was included in *the First Recommended Catalogue of Green and Low-carbon Electronic Appliances and Components*, and its R600a hydrocarbon refrigerant variable-frequency compressor technology was selected for *the Catalogue of Advanced Energy-saving and Carbon-reduction Technologies in Key Areas of Light Industry (2025 Edition)*.

During the Reporting Period

Changhong Huayi "Zero-carbon Factory" Certification

Huayi Jingzhou "2025 Hubei Province Green Factory" Title

Jiaxipera VTN1116Y Inclusion Certificate in Green Product Catalogue

Jiaxipera R600a Hydrocarbon Refrigerant Variable-Frequency Compressor Technology was Selected for *the Catalogue of Advanced Energy-saving and Carbon-reduction Technologies in Key Areas of Light Industry (2025 Edition)*.

Co-creating a Green and Beautiful Factory

Our Company is committed to building eco-friendly factories and strengthening its ecological foundation. In 2025, we continued to advance the "Beautiful Factory" initiative, integrating green development ideal into every aspect of our operations. Through afforestation and greening efforts, we maximized green coverage wherever possible, making greenery the most distinctive feature of our factory areas. From the "Four Beauties" concept to the integration of "Production, Living, and Ecology", we are shaping a new vision of high-quality development through ecological practices, transforming factories into not only centers of productivity but also green and livable environments.

Greening and Afforestation Investment (2025)

Factory	Investment in Greening (RMB 10,000)	Number of Trees Planted for Greening	
		Number of Trees Planted (units)	Lawn Area Planted (m^2)
Changhong Huayi	18.59	420	336
Huayi Jingzhou	9.72	60	85
Jiaxipera	6.9	39	2,196
Total	35	519	2,617

Case | Building Year-round Ecological Landscapes and Protecting Biodiversity

In 2025, with 519 trees as the structural framework and 2,617 m^2 of shrubs and grass as the foundation, the Company created a landscape featuring "green in all seasons and flowers in three seasons". This layout enhances seasonal aesthetics through staggered flowering and foliage cycles while also delivering ecological benefits. Continuous floral resources across three seasons provide essential support for pollinators and other wildlife, thereby improving biodiversity and ecosystem resilience within factory areas.

Planted 4 camphor trees

Planted 84 camellia trees

Our Company organized a Tree Planting Day initiative under the theme "Practicing Green Development and Building Strength for the Future". This initiative adopted a responsibility system with clear accountability for each tree and area, ensuring long-term maintenance. The activity aimed to strengthen coordinated efforts across party organizations, administration, labor unions, and youth groups, enhance team cohesion, promote green development ideal, and build a corporate ecological culture, thereby adding green momentum to the Company's high-quality development.

Ecological Protection and Sustainable Development

Changhong Huayi strictly complies with *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Soil Pollution*, and other environmental laws and local regulatory requirements. Our Company strictly controls the generation and discharge of pollutants such as wastewater, exhaust gas, and solid waste, striving to minimize environmental impacts arising from production and operations.

Pollutant Treatment

Our Company strictly implements industry and local standards, including *the Integrated Wastewater Discharge Standard and the Emission Standard for Industrial Enterprises Noise at Boundary*. It standardizes the management of exhaust gas, wastewater, solid waste, and boundary noise generated during operations. Through source reduction, classified management, and recycling, our Company reduces solid waste emissions and strengthens the treatment and control of exhaust gas and wastewater, ensuring that all pollutants are discharged in full compliance with applicable standards.

During the Reporting Period

the pollutant discharge compliance rate was **100**%, with **no** environmental pollution incidents or regulatory penalties.

In 2025, our Company revised and improved 20 environmental management systems, including *the Noise Control Procedure, Wastewater Control Procedure, Exhaust Gas Control Procedure*, and *Environmental Factor Identification and Evaluation Control Procedure*, forming a comprehensive management framework covering pollution prevention, resource utilization, and ecological protection, and clarifying standards, processes, and responsibilities.

Exhaust Gas Management

Our Company standardizes the management of exhaust emissions from production workshops. Emissions are collected through ventilation hoods and treated using catalytic combustion equipment, oil fume purifiers, and bag-type dust collectors before compliant discharge, thereby enhancing overall air pollution control performance.

In 2025, our Company completed updates to its pollutant discharge permits, further refining hazardous waste categories and exhaust gas monitoring indicators. The Jiaxing plant constructed 13 sets of exhaust gas treatment facilities, significantly improving compliance capacity and reducing pollutant concentrations.

Case The introduction of intelligent exhaust gas treatment devices has effectively improved the efficiency of exhaust gas purification.

During compressor production, electrophoretic coating processes generate harmful gases. At the Jingzhou plant, exhaust gases are directed through ducts into a cyclone spray tower for cooling and dust removal, eliminating particulate matter and oil. After moisture removal, gases enter a secondary activated carbon adsorption system, where organic pollutants are absorbed. The treated gas is then discharged in compliance with standards.

In 2025, Huayi Jingzhou installed VOCs online monitoring systems, enabling real-time monitoring and reporting of methane and non-methane hydrocarbons, thereby improving data monitoring efficiency.

Exhaust Gas Treatment Facilities

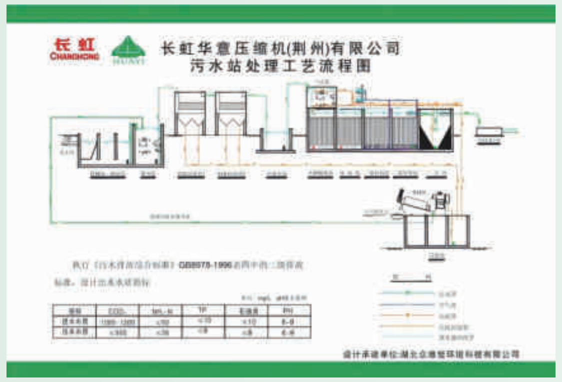
VOCs Online Monitoring Equipment

Wastewater Management

Our Company manages wastewater discharge in compliance with regulations and has established *the Wastewater Control Procedure*, defining management processes for production wastewater, domestic wastewater, and treatment facilities. Through combined physicochemical and biological treatment processes, wastewater is treated to meet regulatory standards.

During the Reporting Period, Jiaxipera constructed three wastewater treatment systems and completed biochemical upgrades to ensure compliance and reduce pollutant concentrations. Huayi Jingzhou, based on the concept of "pollution control and resource recycling", established a centralized wastewater treatment plant to treat production and partial domestic wastewater, achieving compliant discharge and reducing environmental pressure on surrounding water bodies.

Wastewater Control Procedure



Huayi Jingzhou invested RMB 3 million in constructing a sludge treatment station with a daily processing capacity of 300 tons. Since the new process was put into operation in June 2025, a total of 28,000 m^3 of industrial wastewater has been treated.

Hazardous Waste Management

Our Company strictly complies with *the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other regulations. We has established and implemented *the Hazardous Waste Management System* to strengthen full lifecycle management of hazardous waste, including storage, transportation, and disposal. Our Company has established standardized hazardous waste storage facilities and signs transfer and disposal agreements with qualified third-party institutions. It ensures proper collection, storage, and transfer of hazardous waste, thereby minimizing environmental impact and supporting green production.

In 2025, our Company formulated *the Responsibility System for the Prevention and Control of Environmental Pollution by Hazardous Waste* and established a leadership group headed by the General Manager.

During the Reporting Period

Hazardous waste transfer manifest execution rate: **100%**, Compliance disposal rate: **100%**

No incidents of leakage or improper disposal occurred.

Indicator	Unit	2023	2024	2025
Hazardous Waste Generated	Tons	1,542.26	1,749.845	1,911.35
Hazardous Waste Emission Intensity	Tons/RMB 10,000	0.001462	0.001357	0.001622

During the reporting period, Changhong Huayi standardized the treatment of hazardous waste.

Classified Collection	Dedicated containers with hazard labels are used, and different types of hazardous waste (e.g., waste oil, spent activated carbon, reagent bottles) are stored separately;
Temporary Storage Management	Storage areas are hardened, equipped with containment measures and anti-leak pallets, with strict time limits and detailed records of generation, transfer, and disposal;
Compliant Disposal	Disposal is entrusted to qualified entities, with full traceability ensured through strict implementation of transfer manifest systems.

Case Changhong Huayi organized and conducted an emergency drill for hazardous waste leakage.

In November 2025, our Company conducted an emergency drill simulating a grinding sludge leakage incident. During transport, sludge (simulated using water-filled containers) was accidentally spilled.

Emergency response teams secured the area, wore protective equipment, and used sawdust to contain and absorb the spilled material, preventing it from entering drainage systems. The absorbed waste was then collected and transferred to hazardous waste storage for compliant disposal. The drill achieved the expected results and effectively improved emergency response capabilities.

The emergency response team used to contain and absorb the spilled grinding sludge.

Solid Waste Management

Our Company implements full lifecycle control over solid waste, including generation, collection, storage, transportation, utilization, and disposal. It engages qualified third parties for standardized and harmless disposal to prevent environmental pollution.

During the Reporting Period

Total non-hazardous waste generated	Total recycled and reused waste	Recycling rate
50,645.63 tons	49,689.91 tons	98.11 %

Indicator	Indicator	2023	2024	2025
Total Non-hazardous Waste Generated	Tons	39,050.98	49,207.14	50,645.63
Non-hazardous Waste Generated per RMB Million of Revenue	Tons	3.02	4.11	4.29
Total Recycled and Reused Waste	Tons	38,430.98	48,463.64	49,689.91

Efficient Use of Resources

Changhong Huayi actively responds to national initiatives for building a resource-efficient and environmentally friendly society. In strict compliance with *the Energy Conservation Law of the People's Republic of China* and other relevant regulations, our Company integrates green and low-carbon principles throughout its operations. It systematically promotes energy conservation, resource efficiency, and recycling, reducing dependence on natural resources and minimizing environmental impact.

Water Resource Utilization

Our Company places strong emphasis on water conservation and efficient utilization, strictly complying with *the Water Law of the People's Republic of China* and related regulations. It has established internal water management systems and embeds water-saving practices throughout production and operations.

2025

Jingdezhen plant reduced water consumption by **62,890** tons year-on-year, a decrease of **13.78**%, and water consumption per unit product decreased by **12.79**%

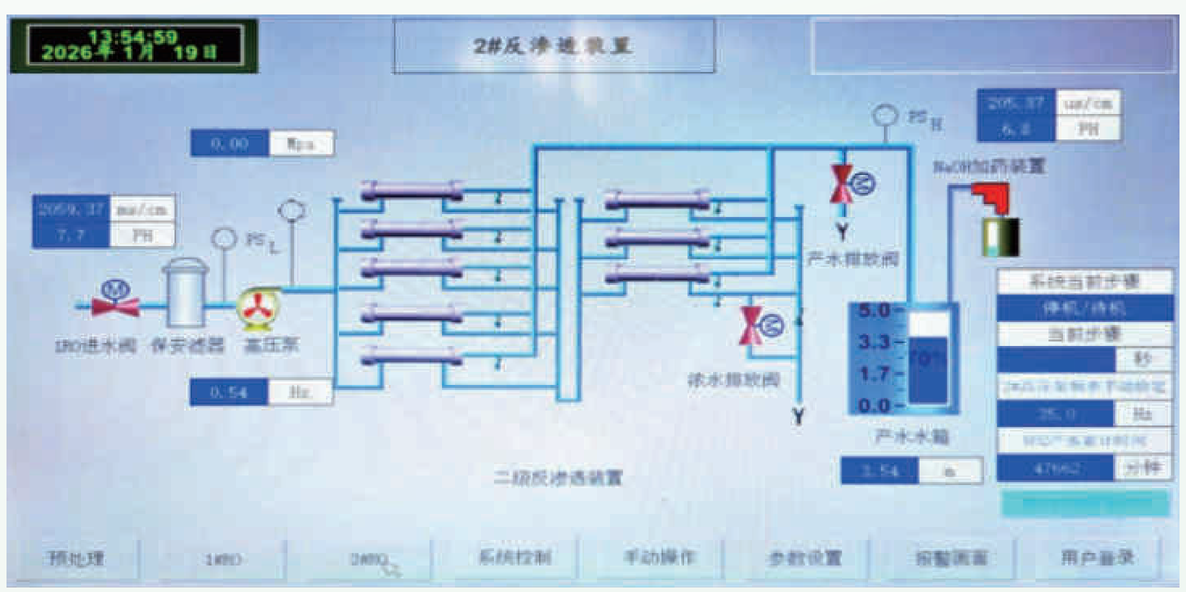
Indicator	Unit	2023	2024	2025
Fresh Water Intake Volume	Tons	978,592	1,102,185	1,003,649
Total water usage	Tons	9,445,182	11,952,941	17,955,410
Water intensity	Ton/unit	0.0130	0.0127	0.0117
Recycled water volume	Tons	8,466,650	10,850,573	16,951,761
Recycled water ratio	%	89.64	90.78	94.41

Note: Due to business growth and increased recycled water volume, total water consumption has increased.

Case Jiaxipera's Recycled Water Recycling Project Alleviates Production Water Pressure

In 2025, the phase II of the Jiaxipera's recycled water recycling project was completed and put into operation. This project utilizes a "biological pretreatment + multi-stage filtration + reverse osmosis desalination" closed-loop treatment system. With the synergy of anti-pollution membrane technology and multi-stage pretreatment processes, the removal rate of colloids, organic matter, and other impurities in the water reaches 60%–80%, and the membrane fouling rate has decreased by 40%. This approach achieves both environmental and economic benefits, with an annual recycling volume of 116,800 m^3. This not only reduces municipal tap water consumption but also alleviates the production pressure on the desalination water system, providing strong support for the company's water resource recycling and green, low-carbon development.

Recycled Water Reuse Membrane Modules



Recycled Water Reuse Operation Monitoring Dashboard

Case Jiaxipera Strengthens Water Resource Management Through the Carbon Management System

In 2025, Jiaxipera relied on the Carbon Management System and installed approximately 160 smart water meters across four factories to collect real-time water usage data from workshops and production lines. The system set thresholds for equipment to dynamically monitor water usage. If the threshold is exceeded, it is displayed on the data dashboard. At the same time, the data dashboard also shows daily energy usage trends for major energy-consuming equipment, assisting energy managers in assessing water usage.

Additionally, our Company has established a rainwater collection system. By the end of 2025, 5,500 tons of rainwater had been collected. The recycled rainwater is mainly used for landscape irrigation, water reuse, and toilet flushing in the workshops, greatly enhancing water resource recovery efficiency.

Strengthening Water Resource Management Through the Carbon Management System

Rainwater Collection Basin on Site

Energy Utilization

To enhance energy management, reduce energy consumption, and improve energy efficiency, our Company has established various institutional documents, including the *Energy Management System," "Energy Benchmarks and Performance Parameters Setting Procedures,* focusing on energy management, equipment energy efficiency improvement, process technology upgrades, and promoting the use of clean energy. These measures help improve energy efficiency and management levels, supporting the achievement of the "dual carbon" goals.

In 2025, guided by the "dual carbon" objectives, Jiaxipera formulated energy target indicators and *monthly performance tracking for key energy-consuming equipment," and released a notice on "strengthening the economic operation management of air conditioning and post ventilation and the use of peak and off-peak electricity*. By staggering air conditioning cooling, arranging equipment temperature rises reasonably, and shifting vehicle charging to off-peak hours, our Company saved 967,000 kWh on air conditioning, directly reducing CO2 emissions by 680 tons. The efficiency of peak and off-peak electricity usage increased by 1%. At the same time, Jiaxipera has continued to implement energy-saving retrofits for energy-intensive and low-energy efficiency equipment such as air compressors, chillers, pumps, and fans. By eliminating inefficient transformers, motors, and pumps, energy consumption has been reduced.

Jiaxipera also utilized over 2.3 million kWh of distributed photovoltaic power generation, reducing carbon emissions by 1,618 tons. HuaYi Jingzhou, in accordance with the requirements of GB/T 23331-2020/ISO 50001:2018 Energy Management System, has established an energy management system and successfully obtained ISO 50001 certification.

Indicator	Unit	2023	2024	2025
Electricity	10,000 kWh	13,280.15	14,772.64	21,290.09
Natural Gas	10,000 m^3	739.70	820.81	1,140.79
Gasoline	Tons	108.20	97.31	87.97
Diesel	Tons	281.00	232.82	168.74
Total Energy Consumption	Tons of standard coal equivalent	35,882.56	39,121.65	38,366.06
Energy Consumption Per Unit	Tons of standard coal equivalent per 10,000 units	4.85	4.61	4.56

Note: In 2025, the scope of electricity and natural gas data coverage was expanded ,the scope of statistics is based on the consolidated statement.

Energy Management System Certification

Actively Promote Clean Energy Use and Enhance Energy Efficiency

Changhong Huayi

A 2-ton mesh-belt annealing furnace was purchased for the workshop, reducing natural gas consumption by 26% per day in 2025 compared to 2024, with a 40% reduction in natural gas consumption per unit in the process. Natural gas consumption decreased by 277,596 m^3, with an increase of 43,700 kWh in electricity consumption due to changes in equipment energy structure. The overall annual CO2 emission reduction reached 480 tons (tCO_2e).

Xiangyi Jingzhou

Actively using renewable energy, the factory installed a 0.88 MW rooftop distributed photovoltaic system. The use of renewable energy accounts for more than 10% of the total building energy consumption. Street lights are powered by wind-solar complementary solar street lights.

Rooftop Photovoltaic System

Wind-Solar Complementary Solar Street Lights

Jiaxipera

Established a distributed photovoltaic power station with an installed capacity of 1.692 MWp, generating an average of 1.6 million kWh per year, and actual generation of 2.19 million kWh, accounting for 2.4% of the company's total electricity consumption. This has reduced CO_2 emissions by 1,540 tons annually, equivalent to planting 80,000 trees.

This has reduced CO_2 emissions by annually

1,540tons

equivalent to planting

80,000trees

Distributed Photovoltaic System

Circular Economy

Our Company integrates circular economy concepts into all production processes by optimizing production technology, using recyclable packaging materials, and promoting green procurement. It comprehensively advances the efficient use and recycling of resources, minimizing resource waste and environmental pollution.

Recyclable Plastic Board for Compressor Packaging

To address the resource waste and solid waste pressure caused by single-use foam packaging for compressors, Jiaxipera launched a packaging material recycling initiative for the compressor product line. Traditional single-use foam has been replaced by reusable custom plastic boards. The reuse rate of plastic boards is 35%, and the cost per use is reduced by 60% compared to foam.

Recycled Plastic Board

Cold Oil Supply System Retrofit Improves Resource Recycling Efficiency

In 2024, Jiaxipera generated 2 tons of hazardous PE film (about 400 oil bags) during production. This mode incurs high transportation costs, approximately 2% oil waste due to residual oil in the PE film, and occupies a large storage area with leakage contamination risks. To address this resource waste issue, our Company launched the second-phase cold oil supply system retrofit in August 2025, transforming the on-site PE film oil bag supply system into a centralized oil supply from an oil tank. This retrofit reduces around 400 PE oil bags annually and improves resource recycling while reducing hazardous waste generation.

On-site Centralized Oil Supply Tank

Response to Climate Change and Lean Resource Management

Changhong Huayi actively responds to national "dual carbon" policies by constructing a scientific, systematic carbon reduction path, covering aspects such as energy structure, production and operations management, green design, and supply chain. Our Company continues to advance energy conservation and emissions reduction as well as green product R&D. Through energy-saving and emission-reduction practices, promoting clean technology applications, and enhancing resource utilization efficiency, our Company contributes to global climate governance.

Climate Change Management

Governance

Our Company has established a comprehensive management mechanism to address climate change. It has set up a Zero-Carbon Factory System Committee and developed institutional documents such as the *"Environmental Protection Responsibility System," "Greenhouse Gas Emissions Management System,"* and *"Energy Management System"* to systematize its response to climate change.

Strategy

In 2025, our Company developed a medium- and long-term plan for creating a zero-carbon factory. It quantified goals and indicators related to low-carbon manufacturing, circular economy, and zero-carbon emissions, and established clear implementation plans to achieve these goals.

Indicators and Goals

To support the achievement of the "dual carbon" goals, our Company has set the "carbon peak" target for 2029 and the "carbon neutrality" target for 2050, with specific, quantifiable indicators, and promoted the realization of relevant goals during the reporting period.

Carbon Reduction Targets: Reduce absolute or intensity-based greenhouse gas emissions by 1% per year.

Indicator	Unit	2023	2024	2025
Total Greenhouse Gas Emissions	Tons of CO_2 equivalent	109,106.00	122,319.87	117,790.61
Direct Greenhouse Gas Emissions (Scope 1)	Tons of CO_2 equivalent	17,218.49	18,109.21	15,324.19
Indirect Greenhouse Gas Emissions (Scope 2)	Tons of CO_2 equivalent	91,887.51	104,210.66	102,466.42

Note: The data scope includes Changhong Huayi, Jiaxipera, and Xiangyi Jingzhou.

Identification of and Response to Climate-related Risks and Opportunities

We actively respond to the risks and impacts arising from climate change by establishing a climate risk management process. Through internal research, industry studies, and external recommendations, we identify, analyze, assess, and manage significant climate-related risks and opportunities. Based on the results of risk identification, we formulate targeted mitigation measures and promote the integration of climate risk management into our multi-department risk management processes. In 2025, our Company analyzed and assessed the climate-related risks (including Physical Risks and Transition Risks) and opportunities facing its business, and actively responded to climate change challenges.

Risk/ Opportunity Type	Description of Risk/ Opportunity	Potential Financial Impact	Response Measures
Physical Risks	Extreme weather events such as extreme heat, extreme precipitation, river flooding, and coastal flooding may lead to risks affecting the stability of production and operations, the safety of plant facilities and assets, interruptions in energy supply, and disruptions to raw material supply chains.	Increased expenditure Reduced revenue	• **Enhance emergency response capability**: formulate and promptly update contingency plans for extreme weather and natural disasters, conduct regular drills, and continuously improve emergency response mechanisms. • **Diversify the energy mix**: expand distributed photovoltaic coverage at production bases in Jingdezhen, Jingzhou, and Jiaxipera, and deploy supporting energy storage systems to enhance self-sufficiency in power supply. • **Strengthen supply chain resilience management**: establish multi-regional backup supply mechanisms and set safety stock thresholds for critical components.
Transition Risks: Policies and Regulations	Sustainability disclosure requirements of the Shenzhen Stock Exchange and overseas jurisdictions will gradually strengthen climate-related information disclosure requirements, imposing new requirements on the company's climate change management and information disclosure.	Reduced revenue Increased costs	• Closely monitor changes in domestic and international environmental and carbon-related laws, regulations, and policies; proactively consider policy adaptability; and improve internal management and compliant disclosure. • Actively participate in the revision of domestic and international green industry standards to ensure that product design is forward-looking and aligned with international regulations.
Transition Risks: Market Risk	Customers are increasingly demanding low-carbon and environmentally friendly products, requiring suppliers to provide Carbon Footprint data for the full product life cycle and to reduce carbon intensity year by year.	Reduced revenue	• Carry out product Carbon Footprint certification by applying for third-party carbon labels for major products and providing transparent low-carbon performance data. • Promote green supply chain development, strengthen cooperation with high-quality suppliers that meet the industry's green and low-carbon development requirements, and prioritize the procurement of low-carbon raw materials.
Transition Risks: Market Risk	If investment in energy-saving and carbon-reduction technologies lags behind peers, the company may fall behind market demand.	Increased costs Reduced revenue	• Strengthen feasibility studies on the R&D and application of low-carbon technologies. • Increase investment in scientific and technological R&D, carry out industry cooperation, and work with value chain partners to jointly promote the R&D and application of low-carbon technologies, thereby narrowing the technology gap with peers.

Risk/ Opportunity Type	Description of Risk/ Opportunity	Potential Financial Impact	Response Measures
Transition Risks: Brand Risks	Increasingly stringent environmental performance disclosure requirements raise the compliance costs associated with maintaining or enhancing brand reputation.	Increased costs Reduced revenue	• Proactively and promptly disclose the series of measures the company has taken in response to climate change, including governance, strategic planning, targets, actions, and performance.

Risk/Opportunity Type	Description of Risk/Opportunity	Potential Financial Impact	Response Measures
Product and Service Opportunities	Against the backdrop of the Dual Carbon Goals (Carbon Peak and Carbon Neutrality), social demand for green and low-carbon products and services may increase. The continued development and provision of low-carbon products, services, and solutions can enable the company to better adapt to market demand and obtain additional orders.	Increased revenue	• Strengthen feasibility studies on the R&D and application of low-carbon technologies, continuously improve the green product portfolio, provide innovative solutions for low-carbon transition across industries, and reduce downstream value chain carbon emissions.
Opportunities in Energy Use Structure	As the State gradually introduces supportive policies for new energy, the accessibility of renewable energy is expected to improve and its prices may gradually decline. The use of renewable energy in production and operations can reduce direct energy costs.	Reduced costs	• Deploy photovoltaic power generation, expand the use of clean energy, and gradually increase the proportion of electricity from new energy sources.
Market Opportunities	Actively responding to domestic and international climate policies and climate-related Information Disclosure requirements will help the company enter more markets, enhance its competitiveness in domestic and international markets, and gain greater recognition from customers and partners.	Increased revenue	• Actively participate in international certification and standard-setting to enhance the competitiveness of the company's products in international markets. • Proactively disclose information on measures taken in response to climate change, enhance the transparency of the company's sustainable development Information Disclosure, and meet market access thresholds in domestic and international markets.

Practical Measures to Address Climate Change

• Clean Technologies

Our Company adheres to green and low-carbon development as its core strategy. Through technological innovation, systematic equipment upgrades, and green innovation practices, it comprehensively advances the R&D and application of carbon-reduction technologies, improves resource efficiency, and reduces carbon emissions, thereby providing innovative solutions for sustainable development.

Key Core Technologies Applied in Promoting Green and Low-carbon Products

CFC-free Compressor Technology	CFC-free compressor technology is regarded as a highly forward-looking green and environmentally friendly technology and complies with international environmental protection standards.
High-efficiency Energy-saving Technology	Through technological innovation, our Company has successfully increased the energy efficiency ratio of compressors from the initial 0.95–1.0 to above 1.7, thereby improving the energy-saving performance of refrigerators.
Miniaturization and Lightweight Technology	Through technological innovation and the application of new materials, our Company has adopted environmentally friendly, efficient, and lightweight materials, successfully reducing compressor weight to 5 to 6 kg, with the smallest models weighing only 4 to 5 kg. This not only provides more usable space in refrigerators, but also saves materials and resources.

• Carbon Footprint Management

In 2025, in accordance with the requirements of ISO 14067, Jiaxipera successfully completed Carbon Footprint certification for its refrigerator compressor product (VTE1116Y) through preparatory work, boundary determination, data collection and calculation, report preparation, and internal review.

Carbon Footprint Certification Certificate

• Green Warehousing

Our Company embeds low-carbon requirements throughout the entire supply chain and focuses on promoting upgrades in green warehousing, transportation, and packaging. In 2025, our Company achieved a systematic upgrade of its warehousing and logistics operations by introducing the CTU + AGV intelligent material distribution system in its warehouses.

• Circular Packaging

In product packaging design, our Company consistently follows the principles of reduction, reusability, recyclability, renewability, and biodegradability. By prioritizing environmentally friendly and recyclable packaging materials and optimizing packaging structures to reduce packaging waste and transportation costs, our Company promotes the transition to sustainable packaging and pursues both environmental and economic benefits.

In 2025, to address the problems of damage during the transportation of return bends and excessive waste from one-time packaging, our Company introduced PP plastic box circular packaging and established a recyclable system. During the year, 1,000 reusable packaging boxes were put into use, achieving a 100% recovery and reuse rate and reducing the consumption of one-time packaging (cartons) by 30 tons.

Chapter III Society

Fostering Huayi's Core and Empowering Co-growth

Changhong Huayi consistently adheres to technological innovation as the driver of High-quality Development and continues to consolidate its leading position in the industry. Through a sound supplier management system and continuous optimization of production and operations, our Company safeguards supply chain stability and operational efficiency. It remains customer-centric, responds rapidly to diversified needs, and provides comprehensive and professional service support. At the same time, our Company attaches great importance to the lawful rights and interests and career development of its employees. By improving institutional systems and implementing people-oriented care measures, it continuously enhances employees' sense of gain and belonging. On this basis, our Company actively fulfills its social responsibilities and continues to advance rural revitalization initiatives, injecting momentum into sustainable regional and rural development.

1-10Year Targets (2021–2030)	Completion Status in 2025
Zero occupational diseases	Achieved
Zero fatality rate	Achieved
100% pass rate for pre-job safety training for new employees, transferred employees, and employees returning to work	Achieved
Number of major and above safety accidents: **zero**	Achieved

Response to the United Nations Sustainable Development Goals (SDGs)

4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES

Innovation-driven Development and Intelligent Manufacturing Upgrading

Our Company has established a multi-level, integrated, and high-standard R&D system. It operates a national-level technology center, provincial-level key enterprise research institutes, and joint R&D centers. It has also established a number of industry-academia-research laboratories in collaboration with well-known universities such as Zhejiang University, Zhejiang University of Technology, and Zhejiang Sci-Tech University. At the same time, it has brought together a leading and innovative technical R&D team composed of doctoral and master's degree holders as the core, demonstrating strong R&D capabilities. Our Company applies advanced tools such as three-dimensional design and simulation analysis to carry out digital compressor design. It has mastered core technologies for Hermetic Reciprocating Compressors, including high efficiency, variable-frequency control, low noise, lightweight design, and intelligent control, and has achieved independent control and independent breakthroughs in key core technologies.

- Technical Center
  - Technology Strategy Committee
  - Technical Expert Committee
    - Technical Management Department
    - Technical Development Department
    - Technical Research Department
    - Technical Laboratory Department
    - Electronic Control Department
    - Commercial Development Department
    - Special Compressor Development Department
    - Technical Process Department
    - Technical Application Department
    - Pilot Workshop
    - Overseas Technical Center
    - (Hangzhou) Technology R&D Co., Ltd.

Our Company has established a Technological Innovation System covering four subsystems: decision-making and command, organizational operation, institutional support, and resource support. It follows the "five interlinked rings" methodology—strategy as the guide, resources as the foundation, value as the orientation, competition as the driving force, and creation as the core—to systematically advance the development of technological innovation capabilities.

Major Innovation Breakthroughs in 2025

Innovation in variable-frequency control technology, with efficiency improved by more than 1%

The ultra-high-efficiency household variable-frequency control board completed R&D based on a variable carrier control strategy, with efficiency improved by more than 1%. The cost of the new T-series variable-frequency control board was reduced by more than 35%, and its algorithms were fully developed in-house. A breakthrough was also achieved in the electrolytic capacitor-free variable-frequency control board solution, and prototype samples were completed.

VX compact platform 2026 new refrigeration appliance product portfolio

Focusing on the 2026 new national energy efficiency standards upgrade for refrigerators and commercial freezers, as well as the transition of freezers from fixed-frequency to variable-frequency technology, the VX compact platform completed the development of more than 30 new product projects, covering multiple application scenarios and continuously meeting customer needs.

VNW series variable-frequency compressors achieved an energy efficiency ratio of 2.75 W/W

The VNW series compressors are the most efficient Variable-frequency Compressors developed by our Company in 2025. Simultaneous optimization was carried out in valve group efficiency, mechanical efficiency, motor efficiency, and inverter board efficiency. After one year of technical research, the energy efficiency ratio under refrigerator operating conditions reached 2.75 W/W. With features such as ultra-high efficiency, ultra-low noise, a high refrigeration-to-weight ratio, and high reliability, the product ranks among the international leaders and has become the preferred compressor for high-end customers' super energy-saving refrigerators.

Changhong Huayi was recognized as a National High-tech Enterprise

Jiaxipera was nationally recognized as an Enterprise Technology Center

Case: Changhong Huayi Cubigel demonstrated its global leadership through two ultra-high-efficiency new products and the TOP1 Plan:

From September 9 to 12, 2025, at FEBRAVA, the global refrigeration industry event held in São Paulo, Brazil, Changhong Huayi's Cubigel brand once again made a strong appearance as a global leader in commercial compressors. As the world's No. 1 light commercial compressor brand by sales volume, Changhong Huayi Cubigel not only demonstrated the leading strength of its "dual ultra-high-efficiency" products and its new NUE/NUD series, but also brought the "Glory & Future | TOP1 Plan", following its global customer conference in Dubai, to the South American stage, fully showcasing the latest progress in the implementation of its strategy.

FEBRAVA International Refrigeration Exhibition

Standardization Development

As the leading organization for revising national standards for refrigerator compressors, Changhong Huayi has also participated in the formulation and revision of 4 international standards, 13 national standards (including 3 under its leadership), and 11 industry standards, playing an important role in the development of the industry's standard system.

Participated in the formulation and revision of **4** international standards

13 national standards (including 3 under its leadership)

11 industry standards

Standards participated in by Changhong Huayi in 2025:

- In April 2025, our Company hosted the expert seminar on revising the GB/T 21001 series national standard Refrigerated Display Cabinets.
- The group standards in which we participated—T/CSTE 0712-2025 Quality Grading and "Leader" Evaluation Requirements for Commercial Refrigeration Cabinets Part 2: Self-contained Display Cabinets, T/CSTE 0713-2025 Quality Grading and "Leader" Evaluation Requirements for Commercial Refrigeration Cabinets Part 3: Beverage Refrigerated Display Cabinets, and T/CSTE 0714-2025 Quality Grading and "Leader" Evaluation Requirements for Commercial Refrigeration Cabinets Part 4: Solid-door Commercial Refrigeration Cabinets—came into effect on April 7, 2025.
- Our Company was deeply involved in the formulation of national standards including GB/T 8059-2025 Household and Similar-use Refrigerating Appliances, Green Product Assessment for Household Appliances Part X: Motor-compressors for Household and Similar-use Appliances, and Performance Test Methods for Bottled, Canned and Other Packaged Beverage Vending Machines.
- Our Company also participated in and completed the formulation of the group standard Scroll Compressors for New Energy Refrigerated Vehicles, which is expected to be officially released and implemented in 2026.

R&D and Innovation

Changhong Huayi has established a five-dimensional integrated R&D and innovation management system covering "resources, processes, talent, ecosystem, and mechanisms". Through rigid safeguards for R&D investment, refined project management, strategic talent cultivation, open collaborative innovation, and multi-level incentive mechanisms, our Company systematically enhances its independent innovation capabilities.

2025 年

R&D investment amounted to **443.36** million

Project Management	We introduced the IPD process and advanced tools such as APQP, QFD, and FMEA to ensure product quality.
Talent Development and Incentives	Through a three-dimensional model combining "master-apprentice training, technical lectures, and on-the-job training", together with a "three-point" management mechanism, our Company has built a learning-oriented, service-oriented, and innovation-oriented team. It also formulated *the Measures for R&D Personnel Performance and Project Management* to enhance innovation vitality among talent.
External Cooperation	We connect the upstream and downstream value chain by working with suppliers to optimize component design and collaborating with customers on whole-unit efficiency improvement studies.


研发人员绩效及项目管理办法

We formulated *the Measures for R&D Personnel Performance and Project Management*, under which individual performance is closely linked to our strategy and project objectives, and the full project lifecycle is managed in a unified and standardized manner, with a focus on improving project quality and delivery efficiency. At the same time, a quantifiable assessment and distribution mechanism has been established to effectively stimulate the initiative of the R&D team and optimize the allocation and utilization efficiency of R&D resources.

Integration of Industry, Academia, and Research

Changhong Huayi has deepened its Industry-Academia-Research Collaboration model. It has carried out R&D on high-performance motors and electronic control technologies with Zhejiang University, and R&D on key technologies for intelligent life testing of refrigeration compressors with Zhejiang University of Technology. These efforts comprehensively cover core areas such as digital factories, high-efficiency products, new energy adaptation, and intelligent testing, gradually building an innovation system that integrates technological breakthroughs with industrial application.

Key Honors

Authoritative certification of R&D platform

The"Key Laboratory of Refrigeration Compressor Technology Research and Application"passed performance evaluation with the outstanding result of a municipal Class A rating, becoming a strong engine for cutting-edge technology R&D.

Joint application for major awards

The project Key Technologies and Industrialization of New-generation Green Refrigerant Compressors, jointly submitted with Zhejiang University of Technology, won the Special Prize of the Science and Technology Progress Award of the China General Chamber of Commerce. The project Key Technologies, Core Equipment and Large-scale Application of Hydrocarbon Green Refrigerant Compressors won the First Prize of the Science and Technology Progress Award of the China National Light Industry Council, among other high-level scientific and technological awards.

Key support from provincial funds

The project New Production Line for 6 Million VM Series Variable-frequency Compressors was successfully shortlisted for the proposed funding list of the 2025 provincial special funds for the integration of advanced manufacturing and modern services.

New breakthrough in national-level evaluation

The Intelligent Upgrading and Transformation Project for Compressor Manufacturing Equipment successfully passed national-level evaluation and received special funding support.

List of Science and Technology Projects and Cooperative Projects Undertaken at Various Levels in 2025

Project Name	Project Source	Start Date	End Date	Cooperative Entity
R&D of High-performance Motors and Electronic Control Technologies	Industry-Academia-Research Collaboration	April 1, 2025	March 31, 2028	Zhejiang University
R&D of Key Technologies for Intelligent Life Testing of Refrigeration Compressors	Industry-Academia-Research Collaboration	September 25, 2025	September 24, 2026	Zhejiang University of Technology

Protection of Intellectual Property Rights

During the Reporting Period, Changhong Huayi introduced and implemented GB/T 29490-2023 Enterprise Intellectual Property Management Specification. Guided by the management principles of "innovation-driven development, enhancement of competitive advantages, lawful protection, and value creation", our Company improved its corresponding working mechanisms and institutional frameworks.

Key Performance

As of the end of the Reporting Period

Our Company had obtained a total of **640** authorized patents

Including **79** invention patents

523 Utility model patents

And **38** design patents

Measures Implemented for Intellectual Property Protection in 2025

- Conduct regular internal training on intellectual property topics such as patent application and patent search to enhance IP protection awareness among all employees.
- Implement protection measures covering patents, trademarks, copyrights, and trade secrets. Establish a dedicated intellectual property office staffed with designated personnel responsible for IP management. During product development, conduct timely collection and analysis of competitors' patents to prevent infringement of others' intellectual property rights.
- Make reasonable use of litigation to resolve intellectual property disputes, establish a strong corporate image in IP protection, and fully safeguard our Company's interests.
- Carry out global trademark protection and registration layout, and complete international trademark registration and renewal. We have registered trademarks in **63** countries, including Germany, Spain, France, and the United States. As of the end of 2025, our Company held **53** registered trademarks.
- Our Company was included in the key enterprise list of the "Longteng Action", a nationwide intellectual property protection campaign conducted by China Customs, to safeguard the export of our Company's proprietary branded products against infringement.

Intelligent Transformation

Changhong Huayi follows national standards such as the General Principles for Intelligent Factory Evaluation (GB/T 46734-2025) and the Intelligent Manufacturing Capability Maturity Model issued by the Ministry of Industry and Information Technology. Through advancements in production manufacturing, intelligent inspection, Supply Chain Management, video surveillance, and warehousing and logistics, our Company has promoted the implementation of AI + 5G application scenarios. These include visual tracking welding, AI-based defect detection for stators and casings, and AGV + intelligent distribution systems. These initiatives have enhanced Changhong Huayi's intelligent manufacturing capabilities. According to the Intelligent Manufacturing Capability Maturity Model, our Company has reached Level 3 maturity.

Key Honors

Advanced-level Intelligent Manufacturing Factory of Jiangxi Province	Changhong Huayi
Advanced-level Intelligent Manufacturing Factory of Hubei Province	Huayi Jingzhou
2025 Zhejiang Province 5G Fully Connected Factory	Jiaxipera
AI application scenario (full visual inspection of stator appearance)	Jiaxipera
First batch of typical cases of AI-empowered manufacturing in Zhejiang Province	Jiaxipera
Zhejiang Province Benchmark Enterprise for AI Applications	Jiaxipera
7th "China Manufacturing Hidden Champion"	Jiaxipera

案例 Our Company achieved new breakthroughs in fully unmanned production lines by establishing a micron-level (μ-level) unmanned crankcase machining production line.

A quality monitoring system based on AI agents was implemented. At the automatic feeding stage, image recognition technology supported by model training is used to accurately verify material positioning and appearance, thereby eliminating deviation risks at the initial stage of processing. During production, robots automatically conduct inspections at preset frequencies to ensure compliance with standards. Meanwhile, in the tooling stage, real-time data are automatically monitored based on model training, and abnormal conditions trigger automatic alerts, forming a three-layer quality control system of "initial verification — process monitoring — standardized inspection".

Construction of μ-level Unmanned Crankcase Machining Production Line

Digital Transformation

Following the "One Huayi" digital development strategy, Changhong Huayi has established a digital system featuring standardized processes, model replication, business collaboration, and data interconnectivity. Through a phased implementation strategy combining benchmark demonstrations and step-by-step promotion, our Company is building a Digital Transformation pathway that enables collaborative and win-win outcomes across business functions including sales, R&D, procurement, and manufacturing.

In June 2025, Jiaxipera completed the optimization and iteration of its digital V2.0 system, and in the second half of the year, our Company completed the replication and promotion of digitalization across the Changhong Huayi Group.

New Energy Vehicle Compressor Production Line Achieves Dual Improvement in Efficiency and

In 2025, a modular, automated, digitalized, and intelligent production line for New Energy Vehicle compressors was completed and put into operation. The production line mainly manufactures high-quality, high-efficiency, and low-cost next-generation high-performance electric compressors, significantly improving assembly efficiency.

A large number of robots are used in assembly processes to achieve automated assembly, automated appearance inspection, and automated testing of operating conditions, frequency spectrum, and noise vibration. The production line integrates visual and infrared sensors and adopts advanced process technologies such as servo presses and curve monitoring. Product measurement accuracy reaches 1 μm, ensuring the stability of compressor performance and quality. Through Digital Transformation, the MES system enables full traceability of key production process statuses and test parameters throughout the compressor manufacturing process.

New Energy Vehicle Compressor Production Line

Data Security Management

To strengthen Information Security management, standardize data security operations, and enhance data protection capabilities, Changhong Huayi has established a full-process, multi-level management framework.

Organizational Structure for Information Security and Privacy Protection

Group Leader

Responsible for reviewing and approving overall plans for network and information security emergency response and reporting network and information security incidents.

Deputy Group Leader

Responsible for overall planning of network and information security emergency infrastructure.

Group Members

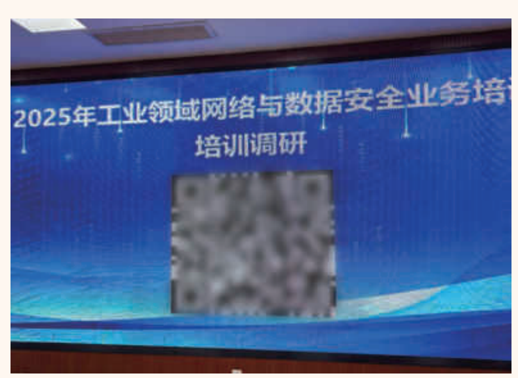
Responsible for macro-level decision-making and command of emergency responses to network and information security incidents.

Information Security Regulations (Partial List)

- *Personal Information Compliance Management Regulations*
- *Anti-virus Management System*
- *Network Security Management Regulations*
- *Operational Manual for Network Information Security Monitoring and Management*
- *Emergency Response Plan for Personal Information Security Incidents*

Measures Implemented for Data Security Management in 2025

- Promote software copyright compliance by requiring all employees to sign commitments on the use of licensed software, conducting training on licensed software compliance, and establishing a dedicated leadership group, thereby strengthening awareness and management of software copyright compliance.
- Conduct network and information security training to enhance awareness among all employees and strengthen management of network information security.
- Participate in industrial network and data security training organized by provincial industry and information technology authorities.



Quality Excellence and Value Chain Synergy

Ensuring Product Quality

In 2025, Changhong Huayi remained committed to a user-centric approach and established a comprehensive product quality assurance system featuring system-driven governance, full-process control, digital empowerment, and supply chain collaboration. Quality accountability was embedded throughout the entire product lifecycle, including R&D, procurement, manufacturing, inspection, and after-sales service. Our Company continuously improved product accessibility, effectively safeguarded consumer rights and interests, and promoted the integrated advancement of product quality and sustainable development.

Key Performance

As of the end of the Reporting Period

Annual quality improvement projects were completed	The engineering outgoing defect rate decreased by	The final product market feedback rate decreased by
137 projects (closure100%)	17.23%	15.5%

Each year, our Company engages an authoritative third-party certification body to conduct a systematic audit of the operation of its quality management system, so as to ensure compliant and lawful operation of the quality system.

Quality Management System Certification Certificate

Strategy and Systems

Our Company adopts the quality policy that "Customer satisfaction is our purpose, and zero defects is our goal". With service, empowerment, and professionalism as its positioning, and with a focus on strategy, process, users, and digital intelligence as main initiatives our Company strives to achieve the best quality performance across its three platforms: small compressors, commercial compressors, and variable-frequency compressors.

Quality Vision	Establish a comprehensive quality management system covering all employees and all processes.				
Quality Objectives	Achieve top quality across three platforms: small compressors, commercial compressors, and variable-frequency compressors				
Work Pathways	a focus on users	strategic priorities	capabilities	processes	digital intelligence
Key Pillars	R&D Quality – APQP / DFMEA / PPAP / QFD	Procurement Quality – Supplier Quality Admission and Joint Improvement	Manufacturing Quality – Equipment Upgrades / Error-proofing / Organization-wide Continuous Improvement	Market Quality – Big Data Analysis / Application Scenario Integration	
Business Initiatives	**Initiative 1:** Product/ Component Standard Upgrades **Initiative 2:** Promotion and Application of Quality Tools	**Initiative 1:** Supplier Technical Empowerment **Initiative 2:** Efficient Coordination for Quality Improvement	**Initiative 1:** Integration of Intelligent Manufacturing and Quality **Initiative 2:** Promotion of Organization-wide Continuous Improvement Culture	**Initiative 1:** Establishment of Customer Quality Data Platform **Initiative 2:** Failure Mode Analysis and Improvement	
Strengthening Foundational Capabilities Initiatives	**System Support:** ISO 9001 Upgrade + IATF 16949		**Technical Support:** Digital Quality Platform (PLM/MES/ QMS Integration)		
	Process Support: Deep Integration of Lean Production and Quality Improvement (TPM/QC/Six Sigma) to systematically eliminate waste, reduce variation, and enhance process capability				

Quality Strategy

Product Quality Improvement

Quality Risk Management Measures

- Implement DFMEA and reliability testing to prevent risks at the design source.
- Establish a "Top 100 Quality Case Database" to drive the root-cause resolution of historical issues.
- Carry out supplier grading and dynamic management to strengthen supply chain risk management and control.
- Promote a quality big data early warning system to enable trend alerts and proactive intervention.

Full Lifecycle Quality Management Process

- R&D and Design
- Supply Chain and Procurement
- Intelligent Manufacturing and Production
- Product Testing and Validation
- Sales and Service
- Recycling and Improvement

Development of Quality Culture

Our Company continuously strengthened the development of its quality culture and promoted enhanced quality awareness among all employees. Throughout the year, it carried out learning and training activities centered on quality management systems, conducted a quality management maturity survey among middle management personnel, collected 150 questionnaires, assessed the quality management maturity of the Huayi system, and identified areas for improvement. It also organized quality month activities to foster an atmosphere of "quality first, with full participation by all employees". At the same time, our Company further strengthened the quality talent pool, improved the Huayi quality management network, and carried out professional qualification certification in quality-related disciplines. A total of 196 employees successfully passed the certification. Through professional training and project practice, our Company comprehensively enhanced the professional capabilities of quality personnel.

Special Training on APQP/PPAP Quality Tools

To address the core issue of insufficient capability in the use of quality tools, Changhong Huayi organized special training sessions on APQP (Advanced Product Quality Planning) and PPAP (Production Part Approval Process) for key departmental personnel, achieving full coverage of core staff across all modules.

Through SWOT analysis, our Company identified weak links in the team's application of quality tools and set the objective of "enhancing professional capabilities in full-process quality management and control". The training content was closely integrated with practical work, including system building, inspection and control, and after-sales support.

The pass rate for the core team's application of APQP/PPAP tools increased from 65% before the training to 98%. In the subsequent advancement of three new product projects, the standardized application of APQP tools enabled the early identification of 12 potential quality risks, with a 100% rate of risk resolution at the preliminary stage.

Quality System Training

Excellent Customer Service

Changhong Huayi adheres to the philosophy of "customer oriented" and has established a full-process customer rights and interests protection system. Through multi-dimensional efforts including demand response, quality assurance, service optimization, and feedback closed-loop management, our Company has built a global rapid response mechanism to ensure that customer complaints are transmitted to the responsible departments at the earliest possible time. It has also implemented a full closed-loop process of "complaint-analysis-improvement-verification-feedback" and is committed to enhancing customer satisfaction.

Key Performance

In 2025

the timely response rate to customer complaints reached **100%**

Customer satisfaction scored **94.88 points**

Rapid Response and Efficient Closed-loop Management to Fully Safeguard Customer Rights and Interests

Upon the occurrence of a customer complaint, Huayi Jingzhou immediately activated its emergency response mechanism and promptly organized core personnel from the quality and technical teams to travel to the customer site. Through efficient coordination and precise investigation, it directly addressed customer concerns and resolved on-site issues in a timely manner. After multiple rounds of analysis, verification, and optimization, the team produced an approximately 90-page 8D fault analysis report, comprehensively covering the entire process, including problem description, root cause identification, interim containment measures, permanent corrective actions, effectiveness verification, and recurrence prevention plans.

From the occurrence of the customer complaint to the completion of the corrective-action closed loop, every step was consistently data-driven and customer-oriented. Progress updates were communicated to the customer throughout the process to ensure that corrective measures were scientific and effective, thereby effectively safeguarding customer rights and interests and the long-term partnership

Meeting on Customer Complaint Response

Protection of Customer Privacy

Our Company attaches great importance to Customer Privacy Protection and has established *the User File Management System*, which specifically provides for the protection of customers' personal information. The system clearly defines the scope of customers' personal information (such as contact details, transaction records, and equipment information), and sets out full-process management requirements for information collection (following the principles of minimum necessity and informed consent), storage (encrypted storage and access segregation), use (limited to agreed purposes), sharing (subject to approval and agreement execution), and destruction. It also establishes mechanisms to protect customers' rights to access, correct, and delete their information.

In 2025

No customer data leakage incidents

zero serious case

Product Recall

Our Company has established a sound product recall management system, with "prevention first, rapid response, precise traceability, and accountability closed loop" as its core principles. Leveraging its full-process quality management and control system, digital monitoring tools, and case review mechanisms, our Company identifies quality risks in advance, promotes timely rectification, and effectively prevents potential product quality hazards. No product recall incidents occurred throughout 2025, effectively safeguarding consumers' lives, property, and lawful rights and interests.

In 2025

No product recall incidents

Special Training on Customer Service

Customer Service Standards and Complaint Handling Closed-loop Training Program

In 2025, our Company implemented a dedicated training and assessment program for its customer service system, covering market, after-sales, and technical support teams in full. The training focused on four modules: customer communication skills, complaint classification and handling procedures, rapid response mechanisms, and on-site problem diagnosis. Real fault cases were introduced for scenario-based simulation exercises to strengthen the capability of frontline personnel in handling complex customer issues.

Real Fault Scenario Simulation Exercises

Responsible Marketing

Changhong Huayi places strong emphasis on responsible marketing. Guided by the core principles of "people-oriented approach, integrity-driven operations, technology leadership, and global competitiveness", our Company strictly complies with key internal policies, including *the Sales Management System, Market Research Management System, Brand Management System, and Product Export Sales Management System.*

Management Measures

Full-process Review

All externally released marketing materials—including promotional texts, advertisements, brochures, videos, and social media content—must undergo a three-tier review process: drafting by the business department, preliminary review by the General Office, and final review by the Legal and Compliance Department.

Evidence Retention

All claims relating to product performance, energy efficiency, and data must be supported by authoritative testing reports or internal experimental data, which are archived for verification.

Clear Disclosure

Product usage limitations and other relevant conditions must be clearly and prominently disclosed to customers.

Our Company continuously strengthens communication and cooperation with customers. By leveraging high-quality products and excellent services, it has earned strong trust and recognition from customers, receiving widespread positive feedback and numerous awards. In 2025, our Company was honored with multiple recognitions from key strategic customers, including the "2025 Supplier Award" from Electrolux Group, the "2025 Global Excellent Supplier Award" from Bosch Group, the "2025 Global Strategic Cooperation Award" at Haier Overseas Supplier Conference, the "2025 Strategic Partner Award" from Haier Smart Home, the "2025 Strategic Partner Award" from Hisense, the "2025 Outstanding Strategic Supplier Award" from TCL, the "Best Partner Award" from Xiaomi, the "Ecosystem Co-construction Award" from SAIC-GM-Wuling, and the "2025 Excellent Quality Award" from Hunan Geely Automobile.

Customer Awards Received in 2025

Issuing Organization	Award	Issuing Organization	Award
Haier	Global Strategic Cooperation Award	Xiaomi	Excellent Quality Award, Best Partner
Haier Smart Home	Strategic Partner Award	2025 Skyworth Global Supplier Conference for Refrigeration, Washing and Air Conditioning	Excellence in Quality Award
Bosch Group (BOSCH)	Global Excellent Supplier	Zhongke Meiling	Outstanding Strategic Cooperation Supplier
Hisense Group	Strategic Partner Award	Guangdong Xingxing	Outstanding Supplier
TCL Industries Holdings Co., Ltd.	Outstanding Strategic Supplier	Xinbao Electrical Appliance	Outstanding Contribution Award
Imbera	Best Supplier	SAIC-GM-Wuling	Ecosystem Co-construction Award
Electrolux Group	Annual Supplier Award	Hunan Geely Automobile	Excellent Quality Award

Supplier Management

In 2025, the management system followed the principles of "fairness, impartiality, openness and integrity; risk prevention and control; systematic and comprehensive management; cost-effectiveness; and traceability", covering the entire supplier lifecycle, including sourcing, admission, evaluation, improvement, and exit. The responsibilities of the material procurement department, quality management department, technical department, and other relevant functions were clearly defined. A supplier database comprising four categories—"qualified", "registered", "potential", and "cooperation terminated"—was established. Suppliers were also classified into four grades, A, B, C, and D, based on the importance of materials, and tiered management and control measures were implemented to ensure precise and efficient allocation of resources.

Supplier ESG Management

In 2025, through the addition and revision of internal systems and policies, our Company further strengthened environmental compliance, social responsibility, and governance standards.

- Enhance control over the supplier roster by incorporating risk-related procurement suppliers and suppliers currently in the batch trial production stage into the filing and registration management system.
- Introduce environmental compliance and social responsibility reviews, expressly requiring on-site audits to verify suppliers' ESG performance, including waste disposal, wastewater monitoring, compliance of environmental impact assessment reports, and procurement control over conflict minerals (including tin, tantalum, tungsten, and gold).
- Expand the scope of application by requiring operational procurement service suppliers with an annual procurement budget exceeding RMB 500,000 to carry out work with reference to *the Supplier Management Measures* and to meet ESG management requirements simultaneously.

Key ESG Measures in Supplier Management

Environment

Suppliers are required to comply with environmental protection laws and regulations, provide third-party hazardous substance monitoring reports, and are prohibited from making unauthorized changes to raw material composition and production processes, thereby promoting the implementation of green procurement.

Social

Our Company signs a Safety Agreement and a Code of Social Responsibility with suppliers. Social responsibility clauses have also been added to supplier audits to strengthen supply chain oversight, screen procurement in high-risk regions, eliminate the use of conflict minerals, and ensure that suppliers comply with corporate social responsibility requirements.

Governance

Our Company signs an Integrity Agreement and a Confidentiality Agreement with suppliers to regulate cooperation conduct, strictly prohibit commercial bribery and information leakage, and improve supplier compliance records.

Transparent Procurement

Changhong Huayi strictly follows *the Supplier Management Measures, the Materials Procurement Management Measures*, and other relevant regulations in managing anti-corruption and anti-bribery matters relating to suppliers. Integrity control requirements are comprehensively embedded throughout the full supplier management process, including admission, cooperation, evaluation, and exit, thereby establishing a clean cooperation management model with clearly defined responsibilities and a closed-loop supervision mechanism.

Our Company has strengthened integrity constraints by making the execution of an Integrity Agreement a core prerequisite both at the supplier admission stage and upon annual contract signing. This agreement has the same legal effect as technical agreements and quality agreements. The agreement expressly stipulates that suppliers shall not seek to influence our relevant personnel through improper benefit transfer, commercial bribery, or other improper means. Any supplier found to be in breach of the agreement will have its status as a qualified supplier revoked directly.

Measures Implemented for Transparent Procurement in 2025

- Our Company strictly implemented *the Code of Conduct for Procurement Personnel*. All procurement personnel are required to sign a Letter of Commitment to Integrity and Self-discipline upon onboarding, expressly undertaking not to accept cash gifts, securities, or any other form of property from suppliers; not to accept banquets, travel, or any similar arrangements; to eliminate any improper exchange of benefits; and strictly prohibit the use of their positions for personal gain or the disclosure of trade secrets.
- On November 8, 2025, Changhong Huayi held its 2026 Annual Supplier Summit in Jiujiang, Jiangxi Province. At the summit, Changhong Huayi and 10 supplier representatives jointly launched an Initiative for Building a Clean and Upright Supply Chain, advocating honest business conduct, fair competition, and transparent transactions, and extending integrity co-building from our Company to upstream and downstream partners across the supply chain.

Signing of the Initiative for Building a Clean and Upright Supply Chain

Supply Chain Security

Changhong Huayi advanced its supply chain security efforts by establishing a sound safety management system, revising relevant systems and policies, and clarifying the responsibilities of all departments. It strengthened risk identification and assessment, with a focus on investigating key risk points such as supplier qualifications and paid-in capital, and improved its supervision and response mechanisms by incorporating paid-in capital verification into the core supplier admission procedures. Our Company carried out a comprehensive review of suppliers' paid-in capital through means such as the National Enterprise Credit Information Publicity System and bank transaction verification. If a supplier was found to have zero paid-in capital, indicating risks relating to contract performance and capital chain disruption, our Company immediately verified the relevant circumstances, issued a rectification notice, and required the supplier to supplement its paid-in capital and provide supporting evidence, thereby reducing supplier performance risk. Our Company continuously improves its supplier admission mechanism and has normalized paid-in capital verification to prevent supplier capital risks at the source and reinforce the security line of defense for the supply chain.

Supplier Training

Changhong Huayi held a supplier summit under the core theme of "Digital and Intelligent Integration Strengthens the Chain, Empowering the Ecosystem for Shared Prosperity".

Against the backdrop of profound adjustments in the global industrial landscape and the wave of the digital economy, supply chain collaboration has become a core issue for high-quality development. Changhong Huayi will reinforce the foundation for high-quality development by digitally and intelligently restructuring the entire value chain, strengthen supply chain resilience through the dual drivers of strategic collaboration and technological innovation, and jointly build an industrial ecosystem through coordinated efforts in social responsibility, co-creation and sharing, and green manufacturing. As a chain-leading enterprise in the industrial chain, Changhong Huayi will uphold the philosophy of openness and win-win cooperation, deepen collaboration with all partners in areas such as strategic planning, intelligent manufacturing, technological breakthroughs, and global market expansion, and work together to build a benchmark industrial ecosystem that is resilient to risk, highly robust, and jointly prosperous, thereby injecting strong momentum into promoting high-quality industry development and building a new global industrial chain order.

2026 Annual Supplier Summit

Green Supply Chain Training


Hazardous Substance Training

Digital Development of the Intelligent Supply Chain

To further standardize procurement processes, strengthen supervision over the procurement process, and improve communication efficiency with suppliers, our Company continued to enhance and upgrade its ISRM intelligent supply chain system, including six major modules: demand management, supplier management, pricing management, contract management, order management, and settlement management. It has basically achieved online management of the full procurement process, effectively improving procurement efficiency and transparency.


Interface of the Intelligent Supply Chain System Modules

Employee Development and Protection of Rights and Interests

Changhong Huayi is committed to establishing a fair and transparent employment mechanism to ensure that employees' rights and interests are fully protected. Through a sound benefits system, career development support, and innovation incentives, our Company provides employees with broad room for growth while fostering a positive and progressive working environment, thereby enhancing employees' sense of well-being and belonging.

Equal Employment

Changhong Huayi attaches great importance to the protection of employees' rights and interests and strictly complies with the *Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Child Labor*, and other applicable laws and regulations, ensuring that the lawful rights and interests of every employee are fully respected and protected. Our Company strictly prohibits illegal practices such as child labor and forced labor, firmly opposes any form of discrimination and harassment, and is committed to creating a fair and equitable working environment. Changhong Huayi upholds mindset of diversity, equality, and inclusion, and eliminates discrimination arising from differences in gender, age, educational background, ethnicity, religious belief, or physical condition, ensuring that all employees enjoy equal employment opportunities and career development prospects. At the same time, our Company pays attention to the employment of persons with disabilities and ensures workplace convenience and equal benefits for employees with disabilities.

Indicator	Unit	2023	2024	2025
Proportion Of Employees With Disabilities	%	0.36	0.26	0.36
Number Of Employees With Disabilities	Persons	28	19	27
Proportion Of Ethnic Minority Employees	%	1.73	2.82	3.05
Number Of Ethnic Minority Employees	Persons	135	205	227

Employee Policy Management

During the reporting period, Changhong Huayi revised and improved relevant policies and systems, including *the Recruitment Management Measures, Benefits and Subsidies Management Measures, Attendance Management Measures, Job Grade Management Measures, Compensation Management Measures, Employee Leave Management Measures, and Employee Code of Conduct Management System*.

Working Hours System

- Working Hours Arrangement: Our Company implements a five-day workweek and an eight-hour workday, with Saturday and Sunday as regular rest days.
- For certain special positions, differentiated arrangements such as flexible working hours or different working hour systems may be adopted based on job characteristics and employees' actual circumstances.
- Where extended working hours or holiday overtime is required due to production arrangements, the relevant notice issued by our Company or the production management department shall prevail.

Leave System

- The entitlement to leave is a basic right of employees. By establishing and improving the leave request and attendance management mechanisms, our Company ensures the effective administration and implementation of leave arrangements.
- Our Company provides paid annual leave, family reunion leave, marriage leave, bereavement leave, maternity leave, work-related injury leave, sick leave, and personal leave. Employees may apply for leave in accordance with the applicable policies and enjoy the corresponding leave benefits.

Employee Recruitment

Changhong Huayi adheres to a people-oriented approach and the strategy of strengthening the enterprise through talent, and has established a diversified recruitment system. Through livestream recruitment, our Company recruits frontline general workers in the labor market to consolidate its manufacturing foundation. Through campus recruitment programs, it attracts outstanding young graduates. Through the implementation of the management trainee program, it cultivates reserve talent for management and technical positions. Our Company remains committed to attracting talent through multiple channels, developing talent through multiple dimensions, and enabling talent growth through multiple pathways, so that all types of talent can fully utilize their strengths and realize their potential, thereby driving our high-quality development through talent advantages.

Talent Attraction Models

Offline Talent Recruitment

Our Company actively maintains communication and coordination with universities, provincial and municipal talent markets, and intermediary agencies, strengthens offline recruitment engagement, and extensively recruits talent.

Online Talent Recruitment

Our Company leverages internet platforms to strengthen cooperation with professional recruitment websites, such as Zhaopin and the Changhong recruitment platform, increases online publicity and information release, and actively recruits talent.

Implementation of a "One Person, One Policy" Talent Attraction Approach

Through industry forums, headhunters, and high-level talent exchange events, our Company implements a "one person, one policy" approach for urgently needed talent and introduces talent critical to our development.

Introduction of Outstanding Overseas Talent

Our Company introduces overseas talent through multiple channels, including overseas subsidiaries, overseas customers, and industry conferences.

"Talent Enclave" Recruitment

Through project cooperation, part-time engagement, consultancy arrangements, and other means, our Company cooperates with well-known higher education institutions across China to share talent resources and attract high-end talent.

Management Trainee Model

This model enhances the company's attractiveness to talent with the greatest leadership potential and helps develop them into outstanding leadership talent, enabling the organization to maintain long-term competitive advantages.

Special Talent Recruitment Activities

Livestream Recruitment

Employee Training

During the reporting period, our Company comprehensively carried out training programs aimed at lean, automated, and intelligent capability enhancement. By continuously implementing practical and effective training plans, our Company improves the skill levels and overall capabilities of all categories of employees, thereby promoting the high-quality achievement of the goals set out in its 14th Five-Year Strategic Plan.

Our Company has established a relatively sound internal and external employee training platform and continues to build a higher-level internal training system based on job responsibilities and competency requirements. Our Company has formulated a detailed annual training plan, covering general knowledge, management, R&D, engineering and technical expertise, marketing, production, and other areas.

Our Company primarily adopts centralized internal classroom instruction and on-site operational training, supplemented by external instructors and sending employees to professional training institutions. At the same time, it conducts diversified online training on its online learning platform. Our Company has established tuition subsidies for employees pursuing in-service academic qualification enhancement training. It encourages employees to make use of their spare time during regular employment to participate in various forms of adult higher education and academic training, so as to enhance their overall capabilities.

Key Training Content in 2025

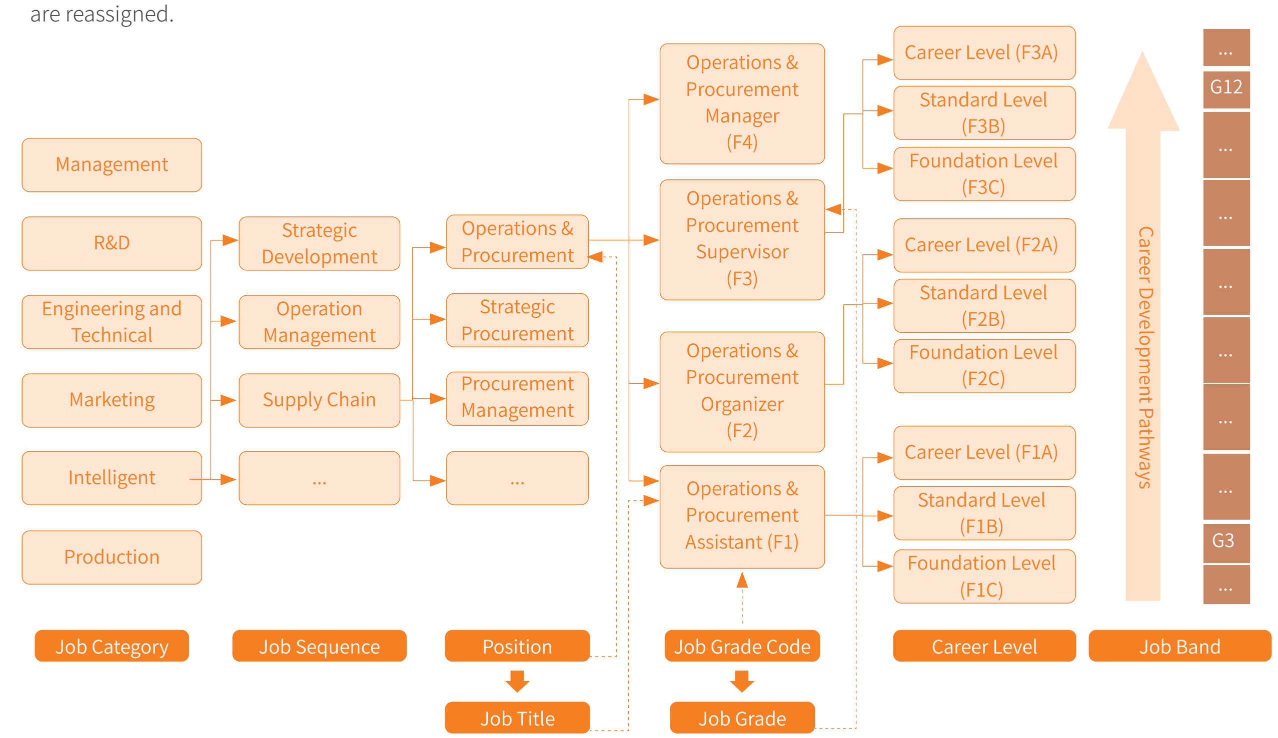
- Training to enhance the professional capabilities and comprehensive management capabilities of middle management teams, "Group Eagle Program" talent, and team leaders.
- Professional training for technical personnel in R&D, lean engineering advancement, maintenance, procurement, finance, and other fields; as well as growth training for employees in specialized skill positions.
- Pre-job training for new employees at the Group level (Spark Training), Company level, and department (workshop/team) level; and skill grade enhancement training for key and critical frontline positions.
- Training on production safety and fire safety for employees, and professional training for quality management personnel.
- Training for administrative management professionals, marketing talent, and international talent, among others, to comprehensively improve the job competency of all categories of employees, thereby ensuring production safety, high product quality, and a high standard of management.

Spark Training for University Graduates

Comprehensive Management Capability Training

Employee Promotion

In 2025, Changhong Huayi systematically advanced the implementation of its job grade management system, establishing a well-structured and dynamically evolving career advancement pathway. We optimized and improved *the Job Grade Management Measures*, achieving initial results in scientific management dimensions such as dynamic job grade adjustment and precise salary band matching, and preliminarily forming a sound mechanism under which the capable are promoted and the underperforming are reassigned.



Career Development Pathways

Job Category		Job Grade 1	2	3	4	5	6	7
Management (M)		Grassroots Cadre	Middle Management Deputy Positions	Middle Management Principal Positions				
R&D (D)		Assistant	Organizer	Supervisor	Expert	Senior Expert	Authoritative Expert	Chief Scientist
Engineering and Technical (T)		Assistant	Organizer	Supervisor	Expert	Senior Expert	Authoritative Expert	Chief Scientist
Functional (F)		Assistant	Organizer	Supervisor	Manager	Higher level Manager	Senior Manager	
Marketing (S)		Assistant	Organizer	Supervisor	Manager	Higher level Manager	Senior Manager	
Production (P)	Skilled (PA)	Level 1 Skilled Worker	Level 2 Skilled Worker	Level 3 Skilled Worker	Level 1 Technician	Level 2 Technician	Level 3 Skilled Technician	Chief Technician
	Operations and Support (PB)	Level 1 Operator	Level 2 Operator	Level 3 Operator				

Employee Job Rank and Grade Table

Open Competition for All Positions

- Employees participate in open competition for positions, with a success rate of 99.3%. After successful appointment through competition, employees are organized to sign the Position Commitment Letter.
- Team leaders are appointed through open competition. In order to strengthen team management, stimulate the vitality of team development, and establish and improve the mechanism for identifying and cultivating grassroots management talent, our Company insists on holding an annual open competition for team leader positions, thereby promoting the overall improvement of its management standards.
- Leaders of sectors are appointed through open competition. Our Company organizes an annual open competition for all grassroots cadres and, in accordance with the principles of merit-based competition and adjustment of the lowest-ranked performers, promotes both upward and downward mobility of cadres in an orderly manner, including cadre rotation, demotion, and removal.

Reserve Talent Development

- Each year, our Company organizes the selection, cultivation, and appointment of personnel for its reserve talent pool, so as to develop and reserve a team of high-quality, professional, and younger reserve cadres for our Company. In line with the talent selection principles of the "Category A Pool" and "Category B Pool", our Company implemented the Group Eagle Talent Program and established a four-tier talent pool comprising "Young Rising Stars"- "Young Backbone Talents"- "Reserve Talents"- "Management Elites".

Safety and Employee Health

With the safety production accountability system for all employees at its core, Changhong Huayi clearly defines the safety production responsibilities of management personnel at all levels and of each position, ensuring that the requirements of "three management responsibilities, all of which must include safety" and "shared Party-government responsibility, with dual responsibilities for each post" are effectively implemented. Based on national laws and regulations such as *the Work Safety Law of the People's Republic of China* and applicable industry standards, and focusing on key tasks such as safety risk management, hazard identification and rectification, and prevention and control of occupational disease hazards, our Company has established and continuously improved a safety management system tailored to its actual operations. It has also continuously refined *the Work Safety Assessment System*, further detailed management weighting, and strictly implemented safety performance assessments. At the same time, our Company newly formulated *the Reward System for Reporting Safety Hazards*, encouraging employees to proactively report safety hazards, fostering a positive atmosphere in which "everyone is a safety officer", and promoting the timely identification and rectification of hazards.

Safety Management Organization

Our Safety Committee is the organizational leadership body for work safety. It is composed of Company leaders and heads of relevant departments, with the General Manager serving as Director of the Safety Committee. The routine work of the Company's Safety Committee is organized and implemented by the Safety and Environmental Protection Department, and all units have established their own work safety management networks. Meanwhile, our Company established a headquarters platform for safety, environmental protection, and occupational health to coordinate all-dimensional management of safety and occupational health across Changhong Huayi. This platform takes the lead in formulating annual work plans and targets, advancing the implementation of our safety and occupational health affairs, and ensuring completion of the various safety tasks and targets assigned by the Group and the Company.

holding completion certificates for work safety knowledge & management capability training and occupational health management training

99 management personnel hold safety management certificates

451 personnel are certified for special equipment operation and special operations

Measures Taken in 2025 for Contractor Safety Management

Changhong Huayi implements classified management of different external stakeholders in accordance with *the Management System for Safety and Environmental Protection of Relevant Parties*. For contractors, lessees, and similar parties, our Company conducts unified coordination and management of work safety matters, including: execution of safety agreements; safety training (notification); formulation of work plans before construction and maintenance projects; technical briefings; and, during operations, safety supervision and inspection by the "three parties" (the responsible functional unit, the territorial unit, and the supervising unit). For hazardous operations, strict approval procedures are required, with designated personnel assigned for on-site supervision to ensure operational safety.

Safety Training for External Construction Units Before Commencement of Work

Training and Drills

- New employees, temporary workers, interns, and similar personnel receive "three-level work safety education", while timely safety training and education are also provided to personnel involved in the "four new" scenarios and those transferred to new positions.
- Throughout the year, our Company continuously carried out work safety publicity, education, and training, continuously enhanced employees' awareness of safe production, ensured that those responsible for implementing safe operational processes possessed the requisite capabilities, and promoted employees' voluntary compliance with our work safety rules and regulations.
- All production units consistently implemented the "two one-minute" pre-shift safety education program, effectively enhancing employees' safety awareness. In August 2025, the Jingdezhen Plant organized safety production knowledge training for all employees, with 1,928 participants. It also organized a post-training examination, with a 100% pass rate.

In 2025

Our Company conducted new employee training	And occupational health and safety training	With a cumulative total of
4,181 times	**359** times	**22,817** participants

- In accordance with the emergency response plan for production safety accidents, our Company organized a total of 46 emergency drills of various kinds, involving 4,021 participant attendances. Each year, our Company routinely organizes a series of activities such as "Work Safety Month" and the "Ankang Cup" competition, further strengthening safety awareness among all employees, reinforcing work safety responsibilities, and effectively improving the company's safety management level.

Work Safety Month Activities

Fire Safety Drill Activities

Training on Emergency Response Plans for Production Safety Accidents

In accordance with *the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Occupational Health* and *Occupational Disease Prevention and Control Management System*, our Company established an occupational health management leading group responsible for the company's daily occupational health management.

Our Company signed agreements with qualified third-party institutions to complete environmental inspection reports for occupational workplaces.

- For employees working in positions exposed to occupational disease hazard factors such as dust, chemical toxicants, and noise, our Company entrusts institutions qualified to conduct occupational health examinations to carry out targeted occupational health check-ups, including chest X-rays, pulmonary function tests, hearing tests, blood routine tests, and liver function tests.
- Employees in positions exposed to occupational hazards undergo one special medical examination each year. Newly hired employees in hazard-exposed positions must complete pre-employment medical examinations before taking up their posts, and may only assume their positions upon passing such examinations. Employees leaving or retiring from hazard-exposed positions must also complete exit medical examinations.

Establishment and Management of Occupational Health Files

- Occupational health files are maintained on a one-person-one-file basis, including employees' basic information, pre-employment/in-service/exit occupational health examination reports, and exposure history to occupational disease hazard factors.
- Employee occupational health files are managed by the Safety and Environmental Protection Department, with designated personnel responsible for administration, using a dual-backup model of "paper files + electronic files". Electronic files are stored through an encrypted system with graded access permissions to ensure that employees' private information is not disclosed.
- File contents are updated in real time. Where an employee's position changes, a follow-up medical examination is conducted, or the employee receives health training or medical treatment, relevant materials are archived in a timely manner.

Work Outcomes

- Full coverage of medical examinations was achieved for employees exposed to occupational hazards, with a 100% special examination rate for employees in occupational hazard positions. Suspected occupational disease cases were identified, diagnosed, and handled at an early stage. Personnel who failed re-examinations were reassigned away from hazard-exposed positions, and no confirmed occupational disease cases occurred.
- Our Company strictly complied with *the Technical Specifications for Occupational Health Surveillance*, and other applicable regulations, successfully passed special occupational health inspections by municipal and district health commissions, and achieved a 100% compliance rate in occupational health management.

Occupational Health and Safety Management System Certification Certificate

Occupational Health Management

- Strictly carry out occupational health and occupational hygiene-related management work, and implement workplace safety protection measures and labor protection equipment allocation for employees.
- Carry out regular annual testing of occupational disease hazard factors and occupational health examinations, ensuring that all required inspections are completed.
- During the 23rd National Publicity Week for *the Law on the Prevention and Control of Occupational Diseases* in 2025, our Company, together with the municipal center for disease control and prevention, organized a series of special training and publicity activities for employees.

Attention to Occupational Mental Health


Publicity on Occupational Health and Safety Knowledge

Compassion and Responsibility, Empowering Rural Communities

Changhong Huayi actively advances rural revitalization by empowering rural development through targeted assistance and other means. At the same time, our Company continues to carry out charitable and public welfare activities, giving back to society with warmth and sharing the fruits of development with the broader community.

Key Performance in 2025

- Total investment in social welfare exceeded RMB **1** million.
- More than **1,200** participant attendances were recorded in volunteer activities.
- Purchased poverty alleviation products and distributed employee benefit supplies such as navel oranges, apples, and cured duck, with a total value of RMB **2** million.

Committed to Public Welfare, Staying True to Its Original Aspiration; Fulfilling Responsibility with Compassion to Benefit People's Livelihood

- Changhong Huayi has consistently remained committed to public welfare and actively fulfilled its social responsibilities. It visited the Jingdezhen Social Welfare Institute on multiple occasions to carry out care and support activities, delivering holiday greetings and sincere care to the children there, while providing not only material support but also spiritual warmth and encouragement.

Visits to the Social Welfare Institute

- In 2025, our Company organized voluntary blood donation activities on multiple occasions. Party members and cadres took the lead by example, and nearly 100 employees successfully donated blood, with a cumulative donation volume of 8,000 milliliters, conveying the power of compassion through concrete action.

Voluntary Blood Donation Activities

- Our Company has continuously supported targeted assistance and rural revitalization. Through channels such as the Jiaxing Maoxian Supply and Marketing Cooperative in Zhejiang Province, it distributed supplies including "Maowen Apples" (ice-sugar core Red Fuji apples), navel oranges, and Majia pomelos to all employees. While enriching employee benefits, our Company continued to fulfill its corporate social responsibility and contribute to rural revitalization.

Future Outlook

The journey ahead is long, and only through sustained endeavor can success be achieved; with an unwavering original aspiration, those who aim far will succeed.

Standing at the historic intersection of 2026—the opening year of the 15th Five-Year Plan period—Changhong Huayi looks ahead to the industrial blueprint for the next five years while remaining steadfast in its responsibilities and values as a corporate citizen in relation to the times and the society. We will shoulder new missions with new responsibility, respond to new expectations with new actions, and embark on a new journey with a renewed outlook, advancing with determination and full momentum along the course of high-quality development.

We firmly believe that true strength lies not in the expansion of scale, but in reverence for life and stewardship of the planet.

Going forward, our Company will continue to uphold its mission of "protecting the Earth's ecological environment and improving the quality of human life". As a globally leading provider of refrigeration system solutions, Changhong Huayi will enable its vigorously beating "green heart" to extend into broader industries and deliver sustainable, low-carbon vitality to hundreds of millions of households, green transportation, and many more application scenarios. We will continue to deepen R&D in core technologies that are environmentally friendly, lightweight, efficient, low-noise, and highly reliable; promote green design throughout the full product lifecycle; empower energy conservation and emissions reduction through Intelligent Manufacturing; and fulfill its corporate social responsibility through concrete actions, making a solemn commitment to the environment, the future, and future generations.

We firmly believe that a sustainable future arises from the symbiosis and shared prosperity of ecosystems.

We will continue to improve its corporate governance system and repay market trust through transparent and standardized Information Disclosure, while effectively safeguarding the long-term rights and interests of shareholders. It will remain customer-oriented, deepen collaborative innovation, and provide more valuable green solutions; work together with supply chain partners in coordinated green transformation and promote win-win development across the industrial chain; attach importance to employee growth and care, and foster an inclusive, diverse, and progressive corporate culture; and actively engage in public welfare, community co-development, and stable employment promotion, thereby consolidating the social foundation for sustainable development through practical actions.

As great tides surge and the stars revolve across the heavens, Changhong Huayi will, with firm conviction and solid steps, continue to inject an unceasing stream of "Huayi Core Power" into the transformation and upgrading of the refrigeration industry and into the enhancement of people's quality of life on the path toward high efficiency, low-carbon, and green development.

Appendix

Key Performance

Indicator	Unit	2023	2024	2025
Economic Performance				
Total Assets	RMB 100 million	139.03	135.92	148.62
Operating Revenue	RMB 100 million	128.89	119.67	117.81
Total Profit	RMB 100 million	5.80	7.25	7.88
Net Profit Attributable to Shareholders of the Listed Company	RMB 100 million	3.62	4.50	4.95
Total Taxes Paid	RMB 100 million	3.34	3.47	4.07
Net Assets	RMB 100 million	38.24	41.13	43.32
Return on Net Assets	%	9.77	11.33	11.67
Return on Total Assets	%	4.01	4.62	6.00
Asset-liability Ratio	%	62.64	60.13	61.26
Environmental Performance				
Environmental Protection Investment	(RMB 10,000)	1,339.30	1,298.41	1,109.72
Environmental Protection Tax Paid	(RMB 10,000)	11.32	12.56	12.51
Number of Environmental Training Sessions	Times	21	22	32
Number of Participants in Environmental Training	Person-times	686	743	683
Total Duration of Environmental Training (hours)	Hours	1,474	1,774	1,953
Number of Safety and Environmental Protection Training Sessions	Times	307	370	391
Number of General or More Severe Environmental and Safety Incidents	Times	0	0	0
Total Greenhouse Gas Emissions	Tons of CO_2 equivalent	109,106.00	122,319.87	117,790.61
Direct Greenhouse Gas Emissions (Scope 1)	Tons of CO_2 equivalent	17,218.49	18,109.21	15,324.19
Indirect Greenhouse Gas Emissions (Scope 2)	Tons of CO_2 equivalent	91,887.51	104,210.66	102,466.42
Greenhouse Gas Emissions Intensity	tCO_2 e/RMB/million output value	11.83	11.83	12.59
Greenhouse Gas Emissions Reduction	Tons of CO_2 equivalent	3,169.50	2,495.71	1,283.30
Greenhouse Gas Emissions Reduction (Scope 1)	Tons of CO_2 equivalent	493.49	1,841.33	1,096.28
Greenhouse Gas Emissions Reduction (Scope 2)	Tons of CO_2 equivalent	2,665.92	654.38	187.02
Hazardous Waste Generated	Tons	1,542.26	1,749.845	1,911.35
Hazardous Waste Emission Intensity	Tons/RMB 10,000	0.001462	0.001357	0.001622
Total Non-hazardous Waste Generated	Tons	39,050.98	49,207.14	50,645.63
Non-hazardous Waste Generated per RMB Million of Revenue	Tons	3.02	4.11	4.29
Total Recycled and Reused Waste	Tons	38,430.98	48,463.64	49,689.91
Electricity	10,000 kWh	13,280.15[1]	14,772.64[1]	21,290.09[2]
Natural Gas	10,000 m^3	739.70[1]	820.81[1]	1,140.79[2]
Gasoline	Tons	108.20	97.31	87.97
Diesel	Tons	281.00	232.82	168.74
Total Energy Consumption	Tons of standard coal equivalent	35,882.56	39,121.65	38,366.06
Energy Consumption Per Unit	Tons of standard coal equivalent per 10,000 units	4.85	4.61	4.56
Renewable Energy Consumption	Tons of standard coal equivalent	2,121.30	7,951.95	9,598.10
Proportion of Market-based Renewable Energy Consumption	%	5.9	20.3	25.0
Fresh Water Intake Volume	Tons	978,592	1,102,185	1,003,649
Total water usage	Tons	9,445,182	11,952,941	17,955,410
Water intensity	Ton/unit	0.0130	0.0127	0.0117
Recycled water volume	Tons	8,466,650	10,850,573	16,951,761
Recycled water ratio	%	89.64	90.78	94.41
经济指标				
Total Number of Employees	Persons	7,797	7,281	7,434
Number of Male Employees	Persons	6,104	5,603	5,768
Number of Female Employees	Persons	1,693	1,678	1,622
Proportion of Female Employees	%	21.71	23.05	21.82
Proportion of Female Managers	%	0.37	0.34	0.34
Number of Female Managers	Persons	29	25	25

1.(Note: the statistical scope covers Changhong Huayi, Jiaxipera, and Huayi Jingzhou)
2.(Note: the statistical scope covers Changhong Huayi, Jiaxipera, and Huayi Jingzhou)
3.(Note: the statistical scope covers the consolidated financial statement scope)

Number of Ethnic Minority Employees	Persons	135	205	227
Proportion of Ethnic Minority Employees	%	1.73	2.82	3.05
Number of Employees with Disabilities	Persons	28	19	27
Proportion Of Employees With Disabilities	%	0.36	0.26	0.36
Local Hiring Ratio	%	40.31	43.26	46.53
Number of Local Hires	Persons	3,143	3,150	3,459
Number of New Jobs Created During the Reporting Period	Persons	1,235	1,165	856
R&D Personnel	Persons	379	325	335
Proportion of R&D Personnel in Total Workforce	%	4.86	4.46	4.51
Proportion of Controlled or Equity-participated Companies Certified as High-tech Enterprises	%	31.58	35.29	37.50
Proportion of Controlled or Equity-participated Companies Recognized as Specialized, Refined, Differential and Innovative SMEs (Provincial Level)	%	15.79	17.65	18.75
Amount of R&D Investment	(RMB 10,000)	47,696	35,765	44,336
R&D Investment as a Percentage of Operating Revenue	%	3.70	2.99	3.76
Number of Invention Patent Applications	Unit	16	21	14
Number of Invention Patents Granted	Unit	7	6	13
Number of Valid Patents	Items	442	459	640
Number of Valid Patents per RMB Million of Revenue	(items/CNY)	0.0343	0.0384	0.0343
Number of Software Copyrights	Items	3	4	4
Number of Software Copyrights per RMB Million of Revenue	(items/CNY)	0.0002	0.0003	0.0003
Customer Satisfaction	Score	93.76	94.31	94.88
Product Recall Ratio	%	0	0	0
Average Number of Paid Leave Days per Employee	Day	7.93	7.82	8.25
Labor Contract Signing Rate	%	100	100	100
Social Insurance Coverage Rate	%	100	100	100

Employee Health Check Coverage Rate	%	100	100	100
Employee Turnover Rate	%	12.75	12.43	10.74
Number of Employee Departures	Persons	994	905	799
Employee Compensation Payment	(RMB 10,000)	88,232	86,137	82,708
Employee Satisfaction	%	88.8	89.2	89.4
Percentage of Employees Receiving Regular Performance and Career Development Reviews out of Total Employees	%	100	100	100
Number of Skills Training Sessions Provided During the Reporting Period	Times	3,705	3,777	4,386
Amount of Employee Training Expenditure During the Reporting Period	(RMB 10,000)	296	438	269
Reserve Talents with Individual Career Development Plans	Persons	225	234	247
Total Employee Training Hours	Hours	331,684	335,799	338,847
Average Training Hours per Employee	Hours	42.54	46.12	45.58
Employee Training Coverage Rate During the Reporting Period	%	100	100	100
Work Safety Investment	(RMB 10,000)	1,380.81	1,418.81	1,770.70
Work Safety Investment as a Percentage of Operating Revenue	%	0.11	0.12	0.15
Safety Training Hours	Hours	22,985	15,126	24,875
Average Safety Training Hours per Employee	Hours	3.02	1.99	3.27
Number of Safety Incidents	Cases	7	9	6
Number of Major or More Severe Accidents	Cases	0	0	0
Number of Occupational Health and Safety Training Sessions Organized	Times	286	348	359
Number of Participant Attendances in Occupational Health and Safety Training	Person-times	6,335	13,298	22,817
Number of Information Security Training Sessions	Times	6	8	48
Number of Employees Receiving Information Security Training	Persons	417	793	1,057
Safety Training Coverage Rate	%	100	100	100
Percentage of Workplaces Subject to Occupational Health and Safety Inspections out of All Workplaces	%	100	100	100
Number of Occupational Disease Cases	Persons	0	0	0
Number of New Occupational Disease Cases	Persons	0	0	0
Incidence Rate of Occupational Diseases	%	0	0	0

Number of Work-related Injuries	Persons	7	9	6
Work-related Injury Rate	%	0.089	0.123	0.081
Lost Workdays Due to Work-related Injuries	Days	320	701	310
Fatality Rate	%	0	0	0
Number of Work-related Fatalities	Persons	0	0	0
Number of Work-related Fatalities per RMB 100 million of Revenue	Persons	0	0	0
Number of Suppliers	Companies	373	366	358
Total Number of Suppliers Conducting Procurement Business with the Company During the Reporting Period	Unit	373	366	358
Number of Qualified Suppliers	Unit	373	366	358
Number of Suppliers Whose Cooperation Was Terminated Due to Non-compliance	Unit	0	0	0
Percentage of Suppliers Certified under Quality, Environmental, and Occupational Health and Safety Management Systems	%	100	100	100
Number of Suppliers Signing Integrity Cooperation Agreements	Companies	373	366	358
Number of Volunteer Activity Participants	Persons	111	243	276
Number of Volunteer Activities	Times	10	15	18
Total Volunteer Service Hours	Hours	1,004	2,328	2,524
Total Investment in Social Welfare	(RMB 10,000)	34.96	57.19	100.8
Number of Employees in Difficult Circumstances Receiving Assistance	Persons	241	224	173
Number of Employees in Difficult Circumstances Receiving Assistance per RMB Million of Revenue	Persons	0.0324	0.0328	0.0411
Sales of Agricultural Products Supported	(RMB 10,000)	7	42	69
经济指标				
Number of General Meetings of Shareholders	Times	5	3	3
Total Number of Resolutions Approved by the General Meeting of Shareholders	Unit	26	29	22
Number of Board Meetings	Times	10	9	11
Total Number of Resolutions Approved by the Board of Directors	Unit	58	63	59
Attendance Rate of Directors	%	100	100	100

Number of Audit Committee Meetings	Times	7	7	6
Number of Strategy Committee Meetings	Times	3	2	5
Number of Remuneration and Appraisal Committee Meetings	Times	2	3	1
Number of Nomination Committee Meetings	Times	3	2	1
Number of Periodic Reports Publicly Disclosed	Times	4	4	4
Number of Ad hoc Reports Publicly Disclosed	Times	137	101	115
Number of Penalties Imposed for Violations Related to Information Disclosure	Times	0	0	0
Number of Investor Research Reception Activities	Times	3	2	2
Number of Investors Received in Research Activities	Persons	57	35	6
Number of Investor Questions Answered	Unit	69	67	37
Investor Question Response Rate	%	100	100	100
Number of Interactions with Investors on Hudongyi	Times	47	28	38
Number of Investor Open Exchange Meetings Held	Times	2	2	3
Number of Investor Calls Answered	Times	80	70	75
Number of Communications by Email/ Social Media Platforms	Times	2	3	3
Shareholding Ratio of Senior Executives	%	0.13	0.21	0.27
Equity Pledge Ratio	%	2.06	4.13	4.13
Dividend Plan	/	Cash dividend of RMB 2.5 (tax inclusive) for every 10 shares	Cash dividend of RMB 3.0 (tax inclusive) for every 10 shares	Cash dividend of RMB 3.3 (tax inclusive) for every 10 shares
Cash Dividend Amount	(RMB 10,000)	17,399	20,880	(including the amount for repurchased shares)
Proportion of the consolidated statement's net profit attributable to the parent company's shareholders for the year.	%	48	46	62
Basic Earnings per Share	(RMB/share)	0.5203	0.6469	0.7141
Number of Anti-bribery and Anti-corruption Training Sessions	Times	7	8	8
Number of Participants in Anti-bribery and Anti-corruption Training	Person-times	1,550	1,600	1,650

Coverage Rate of Anti-bribery and Anti-corruption Training	%	95	98	99
Number of Integrity Education Sessions	Times	10	13	14
Number of Participant Attendances Covered by Integrity Education	Person-times	4,500	4,800	5,200
Total Number of Directors Receiving Anti-bribery and Anti-corruption Training	Persons	7	7	7
Proportion of Directors Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number of Management Personnel Receiving Anti-bribery and Anti-corruption Training	Persons	204	213	215
Proportion of Management Personnel Receiving Anti-bribery and Anti-corruption Training	%	100	100	100
Total Number of Employees Receiving Anti-bribery and Anti-corruption Training	Persons	550	625	676
Anti-monopoly and Fair Competition Training Number of Persons	Persons	430	453	461
Anti-monopoly and Fair Competition Training Person-times	Person-times	430	453	461
Proportion of Employees Receiving Anti-bribery and Anti-corruption Training out of Total Employees	%	7.05	8.58	9.09
Proportion of Independent Directors	%	33	33	33
Proportion of Female Directors	%	11	0	0
Special Audits Conducted	Times	3	3	4
Total Amount Involved in Special Audits	(RMB 10,000)	55,939	265,478	90,784
Internal Audit Inspections Conducted	Times	4	4	3
Contract Legal Review Rate	%	100	100	100
Contract Performance Fulfillment Rate	%	100	100	100
Number of Compliance Training Sessions	Times	20	39	42
Investment in Law-abiding and Compliance Training	(RMB 10,000)	2.54	17.06	13.73
Number of Arbitration Cases	Items	0	3	0
Number of Litigation Cases	Items	4	2	4

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Feedback

Dear Readers:

Hello! Thank you very much for taking the time to read this report despite your busy schedule! We highly value and look forward to hearing your feedback on *Changhong Huayi's Environmental, Social and Governance (ESG) Report*. Your opinions and suggestions are an important basis for our continuous advancement of ESG management and practices. You may copy and complete the form below and send your feedback to us by email or post. We sincerely welcome and greatly appreciate your valuable comments and suggestions!

Multiple-choice Questions (please place a " √ " in the appropriate box)

1.Do you believe this report reflects Changhong Huayi's material impacts on the economy, society, and the environment?

☐ Yes ☐ Average ☐ No

2.Do you believe the stakeholders identified in this report and the analysis of their relationship with Changhong Huayi are accurate and comprehensive?

☐ Yes ☐ Average ☐ No

3. Do you believe the information disclosed in this report is comprehensive?

☐ Yes ☐ Average ☐ No

4.Do you believe the information disclosed in this report is readable?

☐ Yes ☐ Average ☐ No

Open-ended Questions:

1.What information of concern to you do you believe has not been disclosed in this report?

2.In what aspects do you believe this report could be improved?

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