

Changhong Jiahua Holdings Limited

長虹佳華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 3991)

ESG Report 2024

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ABOUT THIS REPORT

BASIS OF PREPARATION

This Environmental, Social and Governance ("**ESG**") report is prepared in accordance with "Environmental, Social and Governance Reporting Guide" as set out in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange and has complied with "Mandatory Disclosure Requirements" and "comply or explain" provision and reporting principles in the Listing Rules.

RELEASE CYCLE

This report is issued on a yearly basis and, unless otherwise stated, covers the reporting period from 1 January 2024 to 31 December 2024.

PUBLICATION

This report is published on the Stock Exchange's website and the Company's website.

REPORTING SCOPE

This report covers Changhong Jiahua Holdings Limited (the "Company") and its subsidiaries (the "Group").



ESG REPORTING PRINCIPLES

Materiality: Comply on the materiality principles of Stock Exchange, this report discloses the deliberations of the board and the ESG working Group on ESG issues, the communication with stakeholders, the process of identifying materiality issues and the matrix of materiality issues.

Quantitative: The sources of the statistical criteria, calculation methods, assumptions and/or calculation tools and conversion factors for the quantitative KPIs are described in this report.

Balance: This report presents the Group's performance during the reporting period without bias, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgments.

Consistency: The statistical methods used to disclose the data in this report remain consistent with last year.

CONTACT INFORMATION

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ESG STATEMENT OF THE BORAD

The Group is committed to continuously improving its ESG governance as a long-term objective. The Group has developed a framework that integrates environmental, social and governance into its day-to-day operations. The Group has established the ESG Working Group composed of senior managers of the Group to ensure that its ESG governance strategies are communicated and implemented.

The Board formulates the Group's ESG strategy and is responsible for the risks associated with ESG. To enhance the Group's ESG governance, the Working Group assists the Board in regularly discussing and assessing the Group's ESG governance risks, performance and strategies. In 2024, the Board considered material issues and reporting strategies and approved the publication of this report.

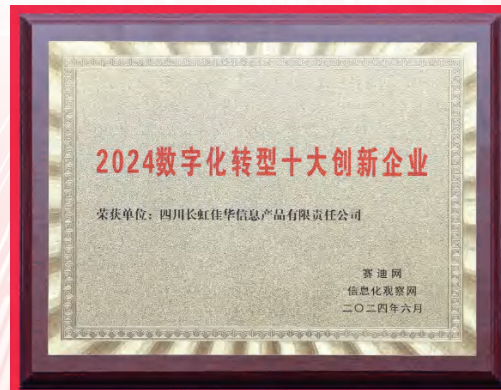
The Working Group is committed to organizing and implementing the ESG strategy and guidelines formulated by the Board of Directors, supervising and managing ESG-related risks and the effectiveness of internal control measures, taking charge of ESG-related issues in daily management and compiling annual ESG reports, etc.. In the future, the Group will strive to expand sustainable development business, promote new growth with new drivers, maintain long-term stable cooperation with partners, and develop together with stakeholders. At the same time, the Group will strengthen communication with stakeholders, continue to improve the ESG management system, further improve the ESG governance level of the Group, and continue to create more value for shareholders and stakeholders. The Board will take the ultimate responsibilities for the ESG strategies, management and performance of the Group. The Board reviews and decides the ESG policies, strategies and structures, determines the importance assessment, supervises the ESG-related overall management and decision-making, evaluates and determines the ESG risks and opportunities and other important issues, reviews and decides its ESG objectives, and regularly reviews the ESG performance. The Board reviews and checks the ESG-related objectives through regular meetings or/and reports and other forms and supervises the Group's ESG risks and opportunities to ensure the effectiveness of the ESG risk management and internal monitoring mechanism. The Group pays attention to the coordinated and sustainable development of enterprises with the society and environment. While pursuing economic benefits and enterprise development, it consciously incorporates social responsibility into its business strategy, carries on its business with integrity and compliance, actively performs social responsibilities and obligations, realizes the healthy and harmonious development of the Company and employees, the Company and society, and the Company and the environment, and continues to create value for shareholders.



ABOUT US AND APPROACH TO ESG

The Company is a state-owned company listed in Hong Kong (stock code 3991). With the business philosophy of "being a good partner to help with growth and support success," the Company is committed to becoming a remarkable digitalization and intelligentization comprehensive service provider in the new era, building an intelligent commercial system, improving its core digital and intelligent capabilities to empower itself and partners for value enhancement, providing partners and clients with intelligent distribution and solution services for ICT products, and expanding the new ecosystem of technical services, so as to help partners grow and succeed in a long and sustainable manner.

In 2004, the Company officially started its business. In 2011, it was classified into the Group of enterprises with the annual revenue reaching or exceeding 10 billion yuan. In 2013, it was listed in Hong Kong. In 2020, its business scale exceeded 40 billion yuan (tax-inclusive), ranking among the best in ICT industry enterprises and the 276th in the "Top 500 Chinese Listed Company Brands in 2024." The Company has been ranked among the "Top Ten Value-Added Distributors in China's Digital Ecosystem" for many years. By virtue of its excellent performance in building an innovative ecosystem to empower the development of the digital intelligence industry, the Company has been honored as one of the "Top Ten Innovative Enterprises in Digital Transformation" and "Leaders in Digital Intelligence Innovation," and won hundreds of honorary awards from local governments, authoritative associations, and cooperative enterprises in such areas as marketing performance, integrity management, social responsibility, and brand image.





APPROACH TO ESG

The Group focuses on the sustainable development of coordination among the business, the society and the environment. In pursuit of economic efficiency and business development, we consciously incorporate social responsibility into our business strategy for an honest and compliant operation, and actively fulfills our social responsibilities and obligations, to achieve a healthy and harmonious development between the Group and our staff; the Group and the society; and the Company and the environment, and continue to create value for the Shareholders.

CORPORATE MISSION

The Group is committed to supporting its partners' digital and intelligent upgrading, aspires to become a listed company with good profitability and a remarkable digitalization and intelligentization comprehensive service provider in China, hence maintaining long-term sustainable development and creating maximum returns for shareholders.

CORPORATE VISION

- To become a remarkable digitalization and intelligentization comprehensive service provider in China
- To become a remarkable listed company bringing satisfactory returns to the Shareholders
- To become a paradise for the career development of professional managers



CORPORATE CULTURE

- Targets and results oriented: with clearly defined strategic targets, use the targets to be achieved to plan, figure out the timelines, strategies, measures and road maps in accomplishing them and then move forward step by step. Achieve targets through scientific and systemic ways of thinking and focus on results accountability. Fully mobilize the core strength to target, precise alignment, and continuously enhance the effectiveness of the work.
- Achieve targets through focused and efficient communications. Be straight to the point, have clear subjects during communication, important first and then secondary, be targets and results oriented and focus on facts but not individuals.
- Seek for truth, seek for diversity, and explore other kinds of possibilities: apply rules that are discovered during exploration process, seek for and apply differences in rules. Advocate "engineer culture", activate the creation gene, establish the innovative thinking mode of Chinese digitalization and intelligentization comprehensive service enterprises, revitalize the vitality of creation and endeavor to achieve corporate improvement and industry perfection.

CORE BUSINESS PHILOSOPHY

Be a good partner to help with growth and support success: We strive to coordinate resources, provide digital and intelligent service for sustainable growth of partners in a specialized way, and work with partners to expand digital and intelligent ecology, create new digital and intelligent value and share development achievements in the new era.

DEVELOPMENT STRATEGY

On the basis of maintaining the steady development of the traditional ICT distribution business, to actively grasp the rapid development and digital transformation trend of the Internet of Things and cloud applications, increase technical investment, enhance independent innovation, develop and enhance digital and intelligent core capabilities, and realize the strategic transformation to a remarkable digitalization and intelligentization comprehensive service provider and value partner in the new era.





2024 OPERATING PERFORMANCE

In 2024, while the global economy experienced moderate recovery and inflation pressure mitigated, the geopolitical conflicts continued to escalate and linger. Trade protectionism and anti-globalization sentiments were on the rise, causing impacts to the supply chains and multilateral economic and trade mechanisms. Amid a complicated situation of growing external pressures and increasing internal challenges, the economy of China maintained steady growth. With the continuous support of the economic policies and the effective macroeconomic control boosting social confidence, the economy had been under positive recovery.

In 2024, in face of the severe challenges in this complicated operating environment, the Group steadfastly adhered to its operational strategies of "leveraging new technology, achieving high-quality growth, and being a good ecological partner" to seize new opportunities in the digital economy, actively apply advanced technologies such as artificial intelligence, enhance its core capabilities in digital intelligence, and comprehensively upgrade its smart distribution services. At the same time, it created new scenarios and models in cloud applications, the metaverse, cybersecurity, and the low-altitude economy, cultivating new drivers of growth.


In 2024, the Group recorded an income of about HK\$39,986.35million, up by 7.58% over the same period of the previous fiscal year; gross margin in 2024 was 3.46%, down by about 0.04 percentage point from the same period of the previous fiscal year, mainly due to the change in sales contribution of the product line. The profit attributable to shareholders in 2024 was approximately HK\$379.27 million, up by about 5.19% over the same period of the previous fiscal year and the basic earnings per share was HK\$14.75 cents, up by HK\$0.72 cents from HK\$14.03 cents in the same period of the previous fiscal year.



2024 CORPORATE HONOR

- 2024 Top 500 Chinese Listed Company Brands awarded by the China-Asia Economic Development Association and Global Times in 2024
- 2024 Top 100 Innovative New Economy Enterprises awarded by the China-Asia Economic Development Association and Global Times in 2024
- Integrity Demonstration Enterprise with the Most Brand Values in Sichuan Province awarded by Sichuan Market Economy Integrity Building Promotion Association in 2024
- Integrity Demonstration Enterprise in Sichuan Province awarded by Sichuan Market Economy Integrity Building Promotion Association in 2024
- Most Influential Integrity Demonstration Enterprise in Sichuan Province awarded by Sichuan Market Economy Integrity Building Promotion Association in 2024
- Excellence Award of the "Fujiang Digital Tide – Data Application Innovation Competition" issued by Mianyang City in 2024
- Outstanding Tax Contribution Award issued by the CPC Mianyang Science and Technology City New Area Working Committee and Mianyang Science and Technology City New Area Management Committee in 2024
- Top 20 Service Enterprises with Outstanding Tax Contributions in Mianyang awarded by the Mianyang Modern Service Industry Comprehensive Party Committee and Mianyang Modern Service Industry Federation in 2024
- Top 50 Service Enterprises in Mianyang awarded by the Mianyang Modern Service Industry Federation and Mianyang Enterprise Association in 2024
- 2023 Business Excellence Award awarded by Sichuan Changhong Electronics Holding Group Co., Ltd. in 2024
- Certificate of Top 500 Potential New Economy Enterprises awarded by the China Enterprise Evaluation Association in 2024
- First Bird's Nest Digital Experience and Metaverse Festival Trophy awarded by the Metaverse Committee of the China Electronics Chamber of Commerce in 2024
- Best Metaverse Solution Award issued by the Metaverse Committee of the China Electronics Chamber of Commerce in 2024
- Award of 2024 Top 10 Innovative Digital Transformation Enterprises issued by CCIDnet in 2024
- 2024 Excellent Digital Innovative Solution Award issued by CCIDnet in 2024
- 2024 Digital Intelligence Innovation Leadership Award issued by the 13th CFS Finance Summit in 2024
- 2024 Business Model Innovation Award issued by the 13th CFS Finance Summit in 2024
- 2024 First Low-altitude Intelligent Cloud Polit Model Cases & Technology Innovation Award issued by the China Academy of Information and Communications Technology (CAICT) in 2024



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- First Prize in the Network Attack and Defense Drills of Shunyi District "Network Protection 2024" issued by the Beijing Municipal Public Security Bureau Shunyi Branch in 2024
 - Second Prize of the 2024 Jiande Network and Data Security Attack and Defense Drill awarded by the Cyberspace Affairs Office of CPC Jiande Municipal Committee and Jiande Municipal Public Security Bureau in 2024
 - Director Unit awarded by the Zhongguancun Huan Critical Information Infrastructure Security Protection Alliance in 2024
 - Member Unit awarded by the Metaverse Working Committee of China Electronics Standardization Association in 2024
 - Director Unit awarded by the Electrical Energy Storage Alliance (EESA) in 2024
 - Member Unit awarded by the China Federation of Electronics and Information Industry in 2024
 - Member Unit awarded by the Metaverse Innovation and Development Working Committee of Beijing Informatization Association in 2024
 - Member Unit awarded by the Information Technology Application Innovation Working Committee of Beijing Informatization Association in 2024
 - Member Unit awarded by the Information Technology Service Standards (ITSS) Sub-committee of the Chinese Electronics Standardization Association in 2024
 - Member Unit awarded by the China Electronics Standardization Association (CESA) in 2024
 - Vice Chairman Unit awarded by the China Electronic Commerce Association in 2024

STAKEHOLDERS ENGAGEMENT

The interest and opinions of stakeholders on our business activities are of great significance to the Group's sustainable development. The Group attaches great importance to communication with various stakeholders and establishes effective communication with stakeholders through various platforms and communication methods.

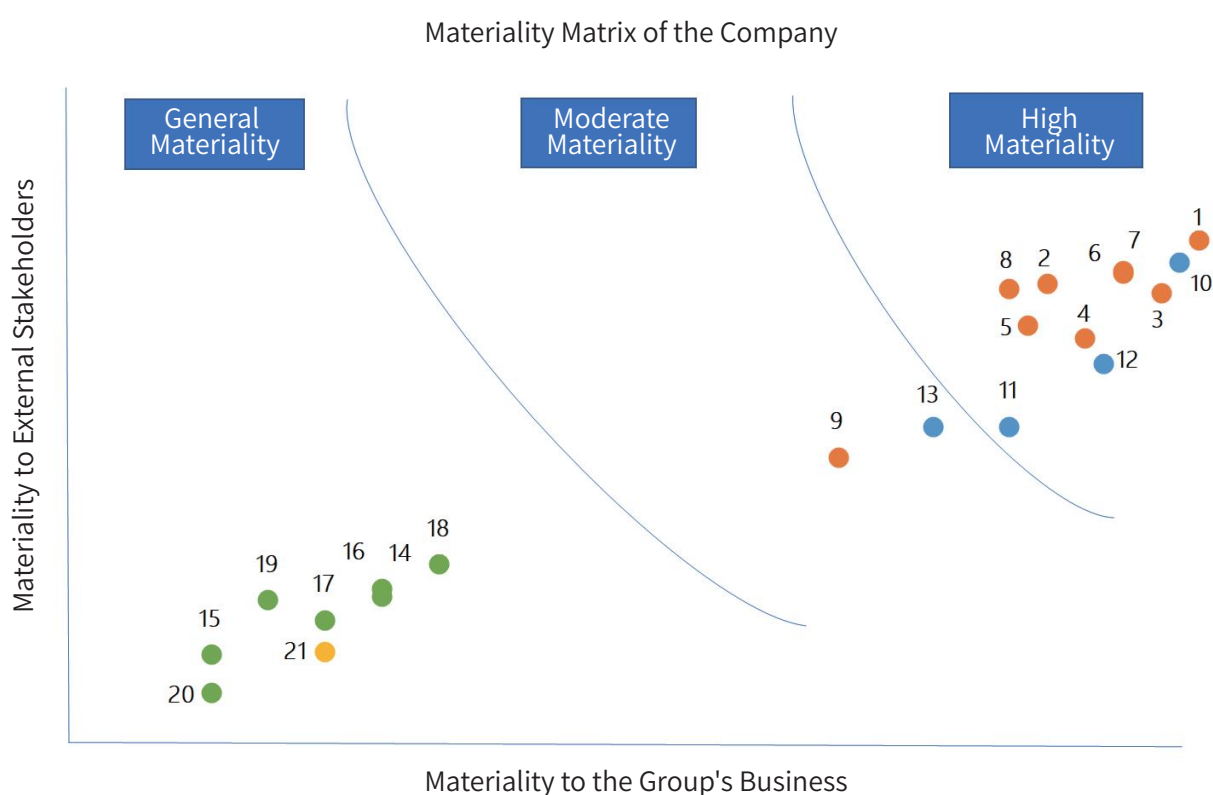
COMMUNICATION WITH STAKEHOLDERS

Stakeholders	Expectations	Communication methods	Measures
Investors /Shareholders	<ul style="list-style-type: none">• Return on investment• Information disclosure	<ul style="list-style-type: none">• General Meeting• Periodic reports, announcement• Company website	<ul style="list-style-type: none">• Continued to enhance the Group's profitability• Released regular reports and announcements as required
Partners /Suppliers	<ul style="list-style-type: none">• Candid cooperation• Fair and just	<ul style="list-style-type: none">• Regular meetings• Agreements• Field visit	<ul style="list-style-type: none">• Fulfilled cooperation agreements• Established long-term stable relationship with core partners
Customer	<ul style="list-style-type: none">• Relationship stability• Service support	<ul style="list-style-type: none">• Product supply• Agreements• Customer services• Company website• Field visit	<ul style="list-style-type: none">• Signed annual cooperation agreements with the customers• Provided a wealth of products• Provided technical, training and other services
Employee	<ul style="list-style-type: none">• Compensation and benefits• Working environment• Career development	<ul style="list-style-type: none">• Labour Contract• Employee training• Employee internal communication• Employee performance evaluation	<ul style="list-style-type: none">• Improved compensation benefits and performance system• Provided a clean and comfortable working environment• Planned staff promotion path• Provided rich training courses
Community	<ul style="list-style-type: none">• Harmonious community• Public welfare activities	<ul style="list-style-type: none">• Company website• WeChat account	<ul style="list-style-type: none">• Built a harmonious community• Conducted public welfare activities

MATERIALITY ASSESSMENT

The Group conducts stakeholder communication and materiality assessment through telephone, questionnaire, etc. by reference to the Stock Exchange's ESG Reporting Guide and the materiality map of the Sustainability Accounting Standards Board (SASB), to enable stakeholders to understand their environmental, social and governance vision, to further determine the disclosure focus of the ESG report and respond to the expectations and requirements of stakeholders. We took into account internal and external views to define sustainability issues that are relevant to our business and stakeholders.

The 21 business-related issues we've identified focus on four areas: governance and operations, employment and labor practices, environment, and community. According to the materiality assessment, we have summarized 11 issues that are of "high materiality," including compliance operations, anti-corruption, enterprise risk management, procurement and supply chain management, customer service management, customer privacy protection, information security, product/service quality management, compliance with labor legislation, staff training and development, and staff health and safety. In this report, key disclosures are made with reference to the results, and a materiality matrix of the Company is drawn accordingly as follows:



The results of the following importance ESG issues have been approved and confirmed by the Board:

Sorted by Materiality	No.	Issues
High materiality issues	1	Compliance Operations
	2	Anti-corruption
	3	Enterprise Risk Management
	4	Procurement and Supply Chain Management
	5	Customer Service Management
	6	Customer Privacy Protection
	7	Information Security
	8	Product/Service Quality Management
	10	Compliance to Labour Legislation
	11	Staff Training and Development
	12	Staff Health and Safety
Moderate materiality issues	9	Responsible Marketing and Publicity
	13	Employee Participation, Diversity and Inclusion
General materiality issues	14	Energy Management
	15	Greenhouse Gas Emission
	16	Waste Disposal
	17	Exhaust Emission Reduction
	18	Water Resource Management
	19	Use of Natural Resources
	20	Addressing Climate Change
	21	Community Philanthropy



GOVERNANCE

CORPORATE GOVERNANCE

In order to achieve corporate mission of the Group, we have established good corporate governance practices based on the principles of integrity, transparency, openness and efficiency, and implemented and improved various policies, internal controls procedures and other management framework. We will continue to learn and understand the development of corporate governance practices with reference to the world's leading institutions, relevant regulations by the regulatory bodies and the expectation of the investors. We will also review and enhance the corporate governance procedures and practices from time to time so as to ensure the long-term sustainable development of the Group.

COMPLIANCE MANAGEMENT


The Group is subject to various laws and regulations set by the PRC national, provincial and municipal governments relevant to our business operation, including The Company Law of the Peoples Republic of China (《中華人民共和國公司法》), Civil Code of the People's Republic of China (《中華人民共和國民法典》) and Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), etc.. Compliance procedures are in place to ensure adherence to the applicable laws, rules and regulations. In addition, the Group has attached great importance to the improvement of internal management systems and continuously improved relevant internal rules and regulations in accordance with relevant regulatory requirements and internal management needs. The Group complies with the relevant laws and regulations that have a significant impact on our operations. Further, any changes in applicable laws, rules, and regulations are brought to the attention of relevant employees and operational units from time to time.

INTERNAL RISK CONTROL

The Group established the Basic System of Compliance Risk Management (《合規與風控管理基本制度》) and Internal Control Manual (《內部控制手冊》) in accordance with the relevant regulatory requirements and the internal control framework required by the Ministry of Finance to clarify the management rules, systems, critical control points, and corresponding controls of the key control links. The process ensures that the Group's business management is legally compliant, corporate assets are secure, financial information and related information are accurate and reliable, aiming to improve operation efficiency and promote company's strategic planning. In 2024, the Group continued to improve its risk control and management systems such as the risk management mechanism that integrates business management and compliance requirements, integrated risk management mechanism, compliance review mechanism, violation reporting mechanism, problem correction and accountability mechanism, and sound evaluation and reporting mechanism, to ensure the Company's stable operations and sustainable development. At the same time, the Group carried out risk identification and evaluation, regularly summarized the list of major risks identified, and effectively identified and controlled various risks arising from the operation process through daily and special internal control inspection and prevention. This year, no significant ESG-related risk was found in the Group.

ANTI-CORRUPTION

The Group strictly abides by national and regional laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) Anti-Unfair Competition Law of the People's Republic of China (《反不正當競爭法》) and formulated a number of rules and systems including Code of Supervision on Staff Independence (《員工獨立性監管守則》), Measures for Accountability Management (《問責管理辦法》) and Measures for the Administration of Information Disclosure (《信息公示管理辦法》) to supervise and regulate our employees' behavior in economic activities, maintain the objectivity, impartiality and synergy of the Group's business activities, avoid business operation risks and prevent all kinds of conflicts of interest, prevent misconduct such as bribery, extortion, fraud and money laundering, secure the Group's reputation as well as interests of the Group and customers, and build a sound ordered market. In 2024, there was no corruption lawsuit brought against the Group or its employees, and there was no corruption lawsuit that had been concluded or was pending. All employees of the Group signed a "Commitment to Clean Practices" to regulate clean practices and properly fulfill their duties, and all the directors of the Company participated in the training courses on corporate governance and related regulations, held by a law firm hired, or read the latest information on regulatory matters and documents relevant to the directors' functions and responsibilities, to ensure that all the directors comply with relevant provisions.



In 2024, the Group carried out five special anti-corruption and compliance management trainings for all employees (including part of directors), with a single training duration of 60 minutes. In addition, it irregularly issued special anti-corruption publications and training materials to continuously improve the anti-corruption awareness of the management and employees.

ENVIRONMENTAL PROTECTION

The Group is committed to supporting environmental sustainability. We strictly abide by national and regional environmental laws and regulations such as Environmental protection law of the People's Republic of China (《中華人民共和國環境保護法》) and Pollution Prevention and Atmospheric Pollution Prevention Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), and implement strict environmental protection policies, to ensure the fulfillment of environmental responsibility. Because the Group mainly operates our business in the office, we affected the environment primarily through the use of water, electricity, car fuel for office, the use of a small amount of packaging materials, as well as carbon emissions from the business trips of our staff, and had no significant impact on the environment and natural resources. We have obtained ISO14001 Environmental Management System certification.

EMISSIONS

The Group's business operations do not involve hazardous waste, large amounts of waste gas or non-hazardous waste. In 2024, the Group did not have material non-compliance issues related to environmental issues.

AIR POLLUTION EMISSION

The Group's air pollutants mainly originate from automobiles. The Group controls the number of cars and mileage and tries to use the online video conference system or teleconference to reduce business trips, energy consumption and emission of carbon dioxide. In 2024, the emissions of atmospheric pollutants generated by the Group's vehicles included 465 grams (2023: 690 grams) of nitrogen oxide, a decrease of 32.6% year-on-year; 51 grams (2023: 61 grams) of sulfur oxide, a decrease of 16.4% year-on-year; and 34 grams (2023: 51 grams) of particulate matter, a decrease of 33.3% year-on-year.



GREENHOUSE GASES EMISSION

The Group's emissions of greenhouse gases are mainly derived from the use of electricity and fuel use of company vehicle, and indirect greenhouse gas emissions from few paper waste. The Group has set target to reduce the average energy consumption of electricity in office area (MWh / m²) , and fuel consumption (fuel consumption per employee) , using FY2021 as the baseline year. The Group manages its carbon emissions by reducing energy consumption. In 2024, the Group achieved the objective of reducing fuel consumption per capita through the following measures:

- Try to avoid travel during peak congestion, plan routes in advance to improve traffic efficiency, reduce vehicle fuel use to vehicle exhaust emissions; reduce fuel consumption and indirect greenhouse gas emissions by maintaining vehicle's performance regularly.
- Save electricity, advocate to turn off lighting when leaving; use separate switches to control air conditioning temperature and service time to reduce indirect green-house gas emissions.

1. Emission from the use of electricity

The Group leased offices in 24 cities including Mainland China and Hong Kong. In 2024, the electricity consumption was 1,269 million watt-hours, involving 681 tons (2023: 789 tons) of carbon emissions, a decrease of 13.7% over the previous year. In 2024, the Group's per capita electricity consumption involved 0.48 tons (2023: 0.54 tons) of carbon emissions, a decrease of 11.1% compared to 2023. In 2024, the energy consumption of electricity per unit of office area was 0.084 MWh/m², which slightly decreased compared with 0.089 MWh/m² in 2023 and was basically the same as that in the baseline year 2021. (The source of carbon emission conversion factors involved in electricity use is the Announcement on Issuing the Carbon Dioxide Emission Factors for Electricity Consumption in 2022 promulgated by the Ministry of Ecology and Environment of the People's Republic of China in December 2024.)



2. Emission from the use of fuel

The Group owns a few vehicles for travel and reception of the executives. The fuel consumption in 2024 was 3,491 liters, decreasing by 15.8% from 4,146 liters in 2023. In 2024, the Group's per capita fuel consumption was 2.45 liters, decreasing by 3.9% from 2.55 liters in 2023. The Group will closely take continuous measures to reduce vehicle fuel use and closely monitor the progress of the target. In 2024, the fuel usage involved carbon emissions of 7.9 tons, decreasing by 15.1% from 9.3 tons in 2023. In 2024, the Group's per capita fuel consumption involved 0.0055 tons of carbon emissions, slightly lower than the 0.0057 tons last year. (The source of carbon emission conversion factors involved in fuel use is the "2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories," carbon emission factor for vehicle fuel: 2.2631 Kg/L)

HAZARDOUS WASTE AND NON-HAZARDOUS WASTE

The Group's business operations do not involve hazardous waste or large amounts of non-hazardous waste as defined by the national laws and regulations. The non-hazardous waste generated by the Group mainly includes paper and a small amount of electronic products. The Group promotes paperless office software and secondary use of printing papers, produces portable notebooks, sends holiday e-cards and prints by swiping cards to reduce paper consumption. Very little paper is actually discarded. Strictly implementing garbage classification, for scrapped electronic products, they are recycled by units that have environmental recycling qualifications, while waste batteries and other hazardous wastes are required to be put into hazardous dustbins to avoid causing environmental pollution. The Group advocates employees to practice the concept of environmental protection, pay attention to the classification of waste consumed in daily life, and arrange specialized personnel to deal with waste to maintain environmental hygiene. In 2024, the Group disposed of 43 discarded electronic products, with a total weight of 0.2512 metric tons and an average of 0.00018 metric tons per capita.

WASTEWATER

The Group's business operations do not involve wastewater discharge.



USE OF RESOURCES

The Group actively implements the concept of environmental protection and conservation, and formulates policies and measures for the management of environmental protection, including: 1) the Group enhances the awareness of energy saving and consumption conservation of its staff through posters and promotional videos; 2) increases the use of the renewable energy, solar hot water; and 3) installs more energy-saving lighting equipment and intelligent electricity-saving system for air conditioners in offices, which can automatically adjust the turning on and off time and the temperature settings of air-conditioners according to weather conditions.

1. Use of fuel

The Group has a small number of vehicles for senior executives' travel and reception. The fuel consumption in 2024 was 3,491 liters, decreasing by 15.8% from 4,146 liters in 2023. In 2024, the Group's per capita fuel consumption was 2.45 liters, decreasing by 3.9% from 2.55 liters in 2023. The Group will take continuous measures to reduce vehicle fuel use so as to reduce vehicle emissions:

- Traveling either at off-peak hours or on less crowded roadways;
- Make full use of mobile internet for route planning and navigation in advance, adopt the optimal route, and avoid wasting trips to reduce fuel consumption;
- Maintain the vehicle regularly to maintain its performance and avoid increasing fuel consumption.



2. Use of water

The Group's use of water originated from office usage. In some of regions, the water supply service in the office is provided by the building management. In this case, water consumption data is not available. The water supply to the offices in Beijing, Nanjing, Fuzhou, Xi'an and Shenyang was managed by the Group itself.

The Group's business does not involve production, and water use is mainly water for offices. During FY2021, the Group has set a target of reducing the water consumption intensity (cubic meters per employee) over the next 3 years, using FY2021 as the baseline year. Specific water-saving measures are as follows:

- Release environmental protection and saving slogans in the company forum to enhance environmental awareness;
- Use induction water switches to control water flow;
- Strengthen the maintenance of water equipment and improve the efficiency of equipment operation to avoid equipment failure waste of water resources.

There was no issue in sourcing water that is fit for purpose in the Group's operations.

Through the above measures, the water consumption in these regions was 4,221 tons in 2024, increasing by 9.4% from 3,860 tons in 2023. In 2024, the Group's per capita water consumption was 2.96 tons, increasing by 24.4% compared with 2023, which was mainly attributable to the reduction in the number of employees and the increase in water intake for climate reasons, i.e., the hot summer and dry winter. However, both the water consumption and per capita water consumption of the Group decreased compared with the water consumption of 4,350 tons and the per capita water consumption of 3.32 tons in the baseline year 2021. This year, the objective had been achieved, and good progress had been made.

3. Use of paper

The use of paper by the Group mainly originates from office consumption.

The Group has set a target to reduce the total non-hazardous wastes intensity (tonnes per employee) over the next 3 years, using FY2021 as the baseline year. For achieving the set target, the Group has implemented the following measures:

- Make full use of electronic online information systems and reduce the use of paper;
- Simplify type setting if is necessary to use paper;
- Recycle packaging boxes.

Through the above measures, the Group used 0.54 million pieces of paper in 2024 (2023: 0.79 million pieces), decreasing by 31.6% over the same period of the previous year. This year, the objective had been achieved, and good progress had been made. The Group will continue to promote electronic contracting to reduce the use of paper.

4. Use of packaging materials

Issues relevant to the use of packaging materials are not applicable to the Group due to the Group's business nature since 2020.

5. The energy management

The energy consumption of electricity per unit of office area in 2024 was 0.084 MWh/m², which slightly decreased compared with 0.089 MWh/m² in 2023, and was basically the same as that in the baseline year 2021. The Group will closely monitor the progress in the coming year. In 2024, the Group will continue to implement energy saving management measures, advocate the use of energy-saving, efficient and environmentally office equipment, and reduce the average energy consumption of electricity in office area (MWh / m²) compared to the same period last year, using FY2021 as the baseline year. Specific measures are as follows:

- Conserve electricity, promote the use of natural light without affecting work, and turn off lighting when leaving work or leaving.
- Use separate switch control in office and conference room, including centralized control of air conditioning temperature and service time;
- Set up full-time property management staff responsible for pipeline inspection and maintenance, reduce waste;
- In terms of fuel consumption, strengthen vehicle management and advocate green and low-carbon travel;
- Increase the use of modern intelligent communication equipment in business cooperation, reduce unnecessary business trips of employees, so as to reduce the use of vehicles and planes.



THE ENVIRONMENT AND NATURAL RESOURCES

The Group's business operations have no significant impact on the natural environment and natural resources. We always adhere to strictly implement monitoring and control measures related to water saving, power saving, energy saving and emission reduction, and minimize the impact on the natural environment and natural resources.

CLIMATE CHANGE

The Group continues to pay attention to the possible impact of climate change on its operations, identifying and assessing the risks associated with climate change. Extreme weather, such as typhoons and snowstorms, may bring risks such as facility damage and employee injury, which may lead to operation and turnover efficiency or expose the Group to risks related to default. In order to minimize potential risks, the Group purchases insurance for storage and transportation and/or requires the Group's servicer who providing storage and transportation service to purchase insurance to protect risks that may be caused by extreme weather. In addition, the Group advocates green travel for employees, low-carbon way of energy saving and emission reduction, and improve the utilization efficiency of operation resources such as office supplies. The Group continues to pay attention to changes in climate -related policies and regulations, and timely alerts management of changes affecting business operations to ensure effectiveness.

SOCIAL

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHER STAKEHOLDERS

We believe that maintaining a good relationship with its business partners, customers, suppliers, employees and other stakeholders is important to the Group's business performance and development. Accordingly, the management of the Group has kept good communication, exchanged ideas and shared business updates with the stakeholders when appropriate. The Group also creates a framework for motivating staff and maintaining close relationship with staff. During the year ended 31 December 2024, there were no material and significant disputes between the Group and its customers, suppliers, employees and other stakeholders.

EMPLOYMENT

By focusing on the implementation of value creation and targeting at transparent performance and systematic management, the Group implements the scientific and fair performance management approach to secure the separation and implementation of its overall strategic goals at every segment, while maximizing the innovation and development of personal potential and talents to guide the constant growth of its staff.

Based on the annual business plan, we formulate the corresponding human resource planning plan. Depending on business progress and employment needs, it recruits talents through various internal and external channels to form diversified businesses team with different genders, ages, education backgrounds, knowledge and skills, and work experience. As at 31 December 2024, the Group employed a total of 1,423 (2023: 1,466) employees. The number of employees of the Group classified by gender, age Group, and geographical region is as follows:

	employees	percentage(%)
By gender		
Male	888	62.4
Female	535	37.6
By age Groups		
Under the age of 30	390	27.41
30-40	663	46.59
40-50	324	22.77
Aged over 50	46	3.23
By geographical region		
China (including Hong Kong)	1,420	99.79
Indonesia	3	0.21
By employment type		
Full-time employee	1422	99.93
Part-time employees	1	0.07



In 2024, the Group's overall employee turnover rate was about 28.67% (2023: 25.54%). By gender, age Group and regional classification of employee turnover in the following table:

	number of demission	turnover rate(%)
By gender		
Male	287	32.19
Female	125	22.91
By age Groups		
Under the age of 30	152	39.9
30-40	183	26.24
40-50	73	22.96
Aged over 50	4	9.88
By geographical region		
China (including Hong Kong)	400	28.01
Indonesia	9	120 ^(Note)
Philippine	3	200 ^(Note)

Note: Affected by business adjustments, employees in Indonesia and the Philippines changed significantly.

The Group adheres to the principle of equal opportunity in recruitment and promotion, opposes discrimination based on factors such as religion, nationality, gender and age, and strictly implements same pay for same work. For those resigned employees who are capable and willing to rejoin, the Group will also reemploy them with an open and enthusiastic attitude.

Applicants who meet the job recruitment requirements and have passed background investigations are formally employed and enter into formal labour contracts. The Group's working hours are in accordance with the working hours system that the national law stipulates that the daily working hours do not exceed 8 hours, and the average working time per week does not exceed 40 hours. At the same time, the employees enjoy statutory paid vacations and annual vacations. The Group has formulated clear management measures for the employees' departure, and clearly established corresponding rules and procedures in the Employee Handbook in accordance with the laws and regulations for different departure situations. When there is a situation in which it is necessary to release the employee's labour relationship, the Group terminates the labour contract in accordance with the Labour Contract Law and related regulations, and strictly complies with the requirements of laws and regulations.



Through systematic training, we enable new employees to quickly and comprehensively understand the company profile. Through the mentor system, we help new employees integrate into the company faster and better. Through the establishment of the staff service platform in the enterprise community network, the policies, regulations and rules closely related to the daily staff are publicized to facilitate the staff to inquire and understand. Through the implementation of EAP (Employee Assistance Program), we interact with employees in a timely manner and answer their questions and doubts.

We determine employee compensation based on the employee's length of service, job function and performance with reference to the salary level of the same industry in the market, so that employees can get a competitive salary in the market while embodying the value of the job. The Group has developed a complete performance management approach, and conducts staff position adjustment and promotion based on the results of employee performance assessment.

In order to motivate staff to achieve the strategic business objectives efficiently, stimulate their working passion and create positive working atmosphere, we conduct the selection and appraisal activities of "excellent staff" and "collaboration star" every year, with an aim of giving public recognition to those outstanding staff in the sales, technology, sales support, platform service and crossfunctional collaboration.

At the beginning of every year, we hold large annual carnival show, which are undertaken by employees from show planning to its performance, providing a platform for staff to exhibit their capabilities and talents. In 2024, we held an offline Carnival, where employee satisfaction reached 99.95%. We also organized colorful birthday parties for employees, and carefully selected birthday gifts for them, making their birthdays more meaningful. We have been organizing Women's Day activities for over 10 consecutive years to support female employees. We hold the staff sports meeting every year to call on all staff to keep fit and create a positive, healthy and lively company atmosphere.





HEALTH AND SAFETY

The Group complies with the Occupational Disease Prevention Act (《職業病防治法》) and Working Injury Insurance Regulations (《工傷保險條例》) in China and strives to build a healthy, safe, comfortable and tidy office environment by conducting office environment assessment activities in various branches, so that every employee feels as pleasant as possible. We installed air purification fresh air equipment and regularly detect and manage air quality in the office area. Professional drinking water treatment solutions are adopted to ensure the quality of drinking water, green plants are regularly replaced. The Group has obtained ISO45001 Occupational Health and Safety Management System Certification.

We are people-oriented, and strive to provide caring welfare and care for employees. In addition to the statutory welfare, we provided a number of special welfares, including the selection of different physical examination institutions and packages according to the needs of employees for physical examination, and in combination with the physical examination results of employees, organized health lectures and released health theme promotional emails. We distributed health pots to the employees with the aim of making the employees and their families pay attention to health and health preservation; increased subsidies for meals, transportation and communications, set up special serious illness subsidy funds, purchased employee travel accident insurance, safety insurance for staff in pandemic areas, allocated public first-aid kits, and provided gift money to the employees when they get married and have children. In 2024, we paid more attention to the practicality and cost-effectiveness of employees' welfare products, which enhanced the employees' sense of identity with the Company. In addition, the Group did not record any work-related fatalities in the past three years. In 2024, the Group recorded 14 working days lost due to work-related injuries, which involved two employees. One of the employees had a traffic accident on the way to work and lost 11 working days; and the other employee was slightly injured at work and lost three working days. We promptly provided care to employees injured at work upon learning of their injuries and organized for appropriate personnel to oversee and follow up on the management of work-related injury matters, ensuring the protection of employees' rights and interests.

We put great emphasis on safety and environmental management, strictly implement the working guideline for safety responsibility, and adopt a number of measures including swiping card for access and exit, visitor registration, safety patrolling, video surveillance, and changing the access card password regularly to safeguard the Group's normal operation order. We regularly conduct fire knowledge publicity and fire drills and post security warning tips, to enhance the safety and environmental awareness of employees.




DEVELOPMENT AND TRAINING

We strive to provide employees with a good environment for growth, a fair assessment mechanism and an open transfer opportunity to achieve a win-win situation for employee development and company development.

In 2024, the training rate of the Group's employees was 100%, with a total of 882 training sessions conducted, representing an increase of 2.7% over the previous year, and a total of 26,862.15 hours of training and learning. The average training time per person for male and female employees was 16.6 hours, representing an increase of 3.8% compared with that in 2023. The average training time per person for senior and middle management was 26 hours, and that for general employees was 14 hours. The number of training attendances for senior and middle management was 4,586, accounting for approximately 23% of the total attendances, while the number of training attendances for general employees was 15,470, accounting for approximately 77%. The number of training attendances for male employees was 9,926, accounting for 49%, and that for female employees was 10,130, accounting for 51%.

In terms of training content, in order to better assist employees in their growth, the Group has provided a wealth of empowerment and training opportunities for employees in various positions in 2024. We have coordinated internal and external learning resources to select multi-disciplinary training courses for our employees, covering a wide range of training contents such as economic situation, industry dynamics, corporate management, new AI technologies, business product knowledge, professional knowledge and experience in their positions, general skills in the workplace, branding and corporate culture building, emotional stress management, etc. These training courses will help our employees to broaden their horizons, enhance their leadership and management skills, build up their vocational qualities, improve professional skills and mentalities, and relieve their stress, thus facilitating their development. skills, improve mentality, relieve stress, and promote multi-dimensional growth and progress of employees.

In terms of training facilities and environment, in 2024, the Group adopted a new learning platform with more advanced and rich functions. This platform is developed with new AI functions such as AI course preparation, AI grading, AI tutors, and AI course recommendation, thus improving the training effect and training management efficiency, and greatly enhancing the learning experience of employees.



In terms of competency enhancement, the Group helps all types of employees to continuously learn and enhance their competency in their work practice. In 2024, 46 in-service internal trainers of the Group, including 12 new internal trainers appointed in 2024, delivered 63 lectures in total. On Teachers' Day, the Group organized wonderful internal trainer activities, during which, the Group granted certificates to new internal trainers and awards to outstanding internal trainers in 2024, giving them recognition and encouragement in addition to honors. In 2024, a total of 174 persons served as new employee mentors and mentored 330 new employees. Teaching and learning promote and enhance each other. Both trainees and trainers benefit from this process.

The Group assigns internal mentors to all new employees and provides them with comprehensive training under the "Empowering the New" program to help them quickly understand and integrate into the Company and the department, and to let them feel supported and valued by the Company. For new management staff, the Group provided customized training and empowerment support to help them better cope with the challenges of their new positions. For sales staff, the Group launched position-specific skills training to help them acquire the knowledge and experience required for their positions. For technical staff, we have formulated a technical certification incentive program to encourage staff to participate in skills certification to help them adapt to the rapid development of new businesses and broaden their career paths.


LABOUR STANDARD

The Group is in compliance with the Labour Contract Law (《勞動合同法》) of China, Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the relevant laws and regulations, pursuant to which employees are entitled to social insurance, housing provident fund, paid annual leave and other statutory benefits, and female employees are entitled to prenatal examination, maternity and nursing leave. Respecting human rights, the Group complies with the Prohibition of Child Labour Regulations (《禁止使用童工規定》), and prohibits child labour and other forced labour. After recruiting employees, we will collect supporting documents to check the age and prevent false information and misleading during the background check. In addition, the Group will sign labour contracts with employees in compliance with the Labour Contract Law (《勞動合同法》), specifying all details to protect their rights and interests, and so as to avoid forced labour.

The Group will take immediate action to correct any violation of laws and regulations, such as employment of child labor or forced labor. In the fiscal year 2024, the Group did not find any serious violation of laws and regulations in relation to the employment, such as employment of child labor and forced labor.


UPSTREAM AND DOWNSTREAM COLLABORATION AND OPERATION MANAGEMENT

As the PRC agent of numerous international ICT suppliers, the Group conducts extensive cooperation with suppliers to provide professional products and solutions to channel partners. We have formulated a supplier access audit system to evaluate suppliers' qualifications, financial status, product quality, production and supply, service capacity, Business licenses, etc. Through formulating a series of procurement policies including procurement principles, procurement methods and procurement monitoring mechanism, we achieve a centralized and unified comprehensive planning of procurement. We expect suppliers to consider the environmental, social, health and safety and governance in their operations. The Group issued "Environmental, Occupational Health and Safety Notice" (《環境、職業健康安全告知書》) to some supplier, and added relevant contents of environmental, health and safety requirements into the terms of our cooperation contract with the supplier. The content includes requirements for suppliers to launch in-depth environmental publicity and education, promote the concept of scientific development, strictly comply with environmental protection laws and regulations, practically strengthen pollution prevention and control, consciously safeguard the public's environmental rights and interests, and consciously accept public supervision. Suppliers are required to pay medical insurance and work injury insurance for their employees; the age of their employees is in line with national labor laws and relevant regulations of the industry, and they are in good health; they seriously organize safety protection work during production and implement a fire safety responsibility system, and regularly check various labor protection measures and safety measures to ensure that there are no safety accidents during production; the office area and the operation area are set up separately, and the workers' meals, drinking water, resting places, etc. are in line with the hygiene system. The office area and operation area are separated, and workers' meals, drinking water, and resting places are in compliance with the hygiene system. Suppliers are required to set up necessary quality control points in the key processes that form the final products to monitor the quality of the processes and the quality of the products at any time to ensure the consistency, stability and reliability of the quality of the products. The Group's cooperative suppliers implement the Company's supplier access rules, covering 32 domestic provinces and autonomous regions (including Hong Kong, Macao and Taiwan) as well as overseas regions, including 418 suppliers in North China, 34 suppliers in Northeast China, 642 suppliers in East China, 271 suppliers in South China, 142 suppliers in central China, 188 suppliers in Southwest China, 69 suppliers in Northwest China, and 23 overseas suppliers. The group has established a supplier management system, reviewed the qualifications of upstream suppliers, and optimized the resources of upstream suppliers through performance appraisal, all the Group's suppliers were included in the supplier management System audit.



The Group evaluates its supply capacity and quality management level through supplier access procedures. The supplier shall provide the relevant quality system certification certificate or the authorized agent documents of the relevant manufacturer, so that the Group can select appropriate suppliers to support its operation and reduce potential risks. We visit key suppliers on the spot, inspect their warehouses and production operations, evaluate their safety, environmental protection and operation capacity in the operation process. Under the same conditions, we tend to choose the same strong but less packaged products suppliers. In addition, the products of the Group belong to electronic products and are durable.

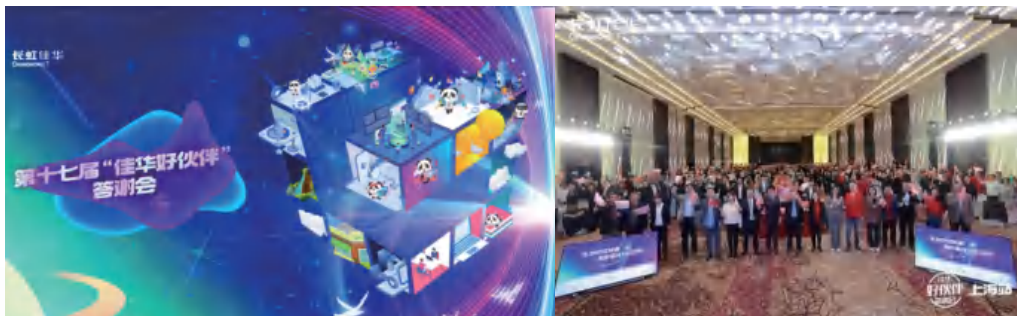
For enterprise level segment, based on agent products, we actively deploy emerging areas such as cloud computing, AI computing centers, digital security, metaverse, and low-altitude economy. By virtue of our technical service capabilities, we integrate rich product portfolios and solutions to provide a variety of industry solutions and scenario solutions. We provide one-stop multi-cloud infrastructure integration products and solution services, and provide customized on-cloud solutions in the entire process from cloud consulting, cloud planning to cloud migration, cloud operation and maintenance, and cloud security management, to ensure that partners and customers maximize the effects and value in the application of cloud technologies. We have built a professional technical team to provide full-cycle integrated solution services in the entire project process from AI computing center infrastructure construction consulting, planning and design to pre-sales and in-sales support, product testing and delivery, and operation and maintenance training, to meet the diversified, intelligent, green and low-carbon AI computing demands. We have also built an advanced security service team consisting of elites from well-known security laboratories and senior security teams to provide a full range of network security products, security solutions, and customized digital security services based on the personalized needs in different business scenarios. We connect the rich metaverse production tools and consumer terminals, deploy the global leading products and software applications, serve new scenarios integrating the physical world with the digital world in the metaverse, and provide partners and users with immersive, interactive and intelligent scenario services in the fields of XR entertainment, digital cultural tourism, simulation teaching, immersive audio-visual content, and generative marketing. We work with a number of leading low-altitude product brand partners, including the technical team of the national standard Beidou Grid Location Code, to provide product portfolios including industrial drones, unattended hangars, low-altitude security, and supporting loads, so as to facilitate the construction of new low-altitude integrated digital ICT infrastructure, create a low-altitude industry cooperation ecosystem, and provide digital intelligence services and industry solutions in the low-altitude area.



For consumer level segment, by virtue of professional marketing ability, we help manufacturers push their products to the market rapidly. We deeply grasp market and customer demands, build channel systems covering the whole country and possess tens of thousands of core agents. By keeping stable and long-term cooperation with product suppliers and core agents, we fully ensure benefits for all parties in the supply chain, form a sound distribution system and provide good service assurances by relying on perfect after-sales service and advanced and speedy logistics operations. At the same time, we actively cope with changes in the digital intelligence era, comprehensively improve our intelligent distribution service capabilities, and have built an intelligent management and operation system by means of advanced technologies such as big data and AI, to meet the personalized and customized needs of ecosystem partners in the business process and achieve the efficient, accurate, and intelligent distribution in all aspects. Through the continuous construction of our digital collaboration capabilities, we have fully connected our business management system, ERP, storage and transportation, and logistics visualization systems to the systems of multiple brand manufacturers. The real-time data connection and order transmission via the open platform and the integration of purchase and sales business processes support the sales-based purchase and intelligent control of ordering, allocation of goods and reporting of inventory. We empower partners to greatly improve the overall business efficiency. We provide omni-channel digital marketing services for integrated retail scenarios, and provide multi-brand product portfolios by virtue of store resources such as Sam's Club, Walmart Supermarket, Costco, Pangdonglai, and Freshippo. We also provide comprehensive and standardized channel services, including counter design, display plans, top gondola materials, and training services. We have entered dozens of stores in Beijing, Shanghai, and other cities, helping many partner brands to quickly develop offline growth channels. In integrated e-commerce scenarios, our digital intelligence capabilities cover traditional and new platforms such as Tmall, JD.com, Douyin, and TV shopping, and we can provide support services such as refined operations, customer service and after-sales, marketing and promotion. The innovative AC+ mini program empowers consumer-to-consumer business processes and has dropshipping capabilities. It has supported multi-platform and multi-level drop shipping of million-yuan-level orders for well-known brands in many industries.

Since 2008, we had held a "Jiahua Good Partners" gratitude meeting every year to summarize the operation of the previous year, release the strategies for the next year, provide a platform for communication between the upstream and downstream partners, and explore new paths for future development with the partners. At present, the gratitude meeting has been held for 17 consecutive sessions. Since the holding of the "Jiahua Good Partner" gratitude meeting, there have been nearly 50,000 manufacturer attendances and more than 61,000 agency partner attendances to the meeting, and 451 manufacturer leaders have sent blessings to Changhong Jiahua and its partners through the meeting, making the meeting one of the well-known brand activities of the Group and highly praised by the partners. The Group strives to give play to its role as a connector of the ICT ecosystem. Based on the essence of technology serving enterprises, and by taking innovation as the driving force, digital intelligence technology as the means, and intelligent distribution services as the cornerstone, the Group is committed to expanding new industry ecosystems, continuing to promote service innovation and value creation, and helping partners maximize ecological value, so as to realize win-win high-quality growth.

The Group is always committed to the concept of helping growth and supporting success, and is committed to strengthening the observation and identification of environmental and social risks of suppliers, and always monitor the operation of channel partners.





QUALITY ASSURANCE

The quality of products and services determines the survival and reputation of the enterprise. To strengthen quality management, the Group has established and continuously improved the quality management system to ensure that the Group's products and services meet customer needs. We have passed ISO9001 (Quality Management System Certification), ISO20000 (Information Technology Service Management Standard), ISO27001 (Information Security Management System Certification), AEO(Authorized Economic Operator), Level 2 of ITSS (Information Technology Service Operation and Maintenance Service Capability Maturity Level), ITSS cloud computing service capability standard compliance certificate (Level 2) and our own brand products have passed CCC (China National Compulsory Product Certification) and China Energy Saving Product Certification, etc..

As an ICT integrated service provider, the Group sales products for distribution by the proxy pattern, and the Group will review supplier' s product qualification. In 2024, no recall because of safety and health reasons, no complaints about products and services. If the customer found the problem when received product acceptance, the Group will actively coordinate with supplier according to the laws and regulations, and request to return or replace according to the contract with supplier.

The Group has established an environmental and occupational health and safety management system that conforms to international standards, formed a self-monitoring and self-improvement mechanism, continuously improved the internal management level and the awareness of all staff, strictly complied with the requirements of laws and regulations, avoided risks arising from environmental and occupational health and safety issues, continued to maintain a sense of social responsibility, and established a good corporate reputation and image. We have passed the certification for ISO14001 Environmental Management System certification. and certification for ISO45001 Occupational Health and Safety Management System Certification.





INFORMATION SECURITY


Information security is one of the basic guarantees for the sustainable development of enterprises. The Group strictly abides by national and regional laws and regulations such as the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》). The Group attaches great importance to information security management and carries out focused work in the areas of institutional system building, security capacity building, internal security governance and deepening of security awareness to ensure that the various security strategies and objectives are effectively implemented and to enhance the overall level of information security protection of the Group's companies. Enhancing employee computer security and business system access protection through the construction of a zero-trust protection system to ensure the physical security, operation security, information assets security and personnel security of the information system and to guarantee the integrity, availability, confidentiality and controllability of the Group's information. We have passed ISO27001 (Information Security Management System Standard).

The Group has promulgated the "Information Security Emergency Response System" (《信息安全應急響應制度》) and "Information Security Policy," (《信息安全政策》) and has established a relatively complete information system emergency response mechanism to enhance prevention, timely control risks, and minimize the harms and impacts of various emergencies. The Group has established a dedicated information security emergency response team to be responsible for organizing, coordinating and directing emergency response through standardized emergency response procedures upon the occurrence of an information security incident. The team also provides regular information security awareness training for employees and strengthens cooperation and exchanges with relevant institutions and enterprises, to share experience and resources and jointly improve the level of information security protection. Through these measures, we are committed to creating a more secure and reliable information environment to ensure the continuity of the Group's business and the security of data.

RESPONSIBLE MARKETING AND PROMOTION

The Group has formulated the Regulations on the Administrative Measures for External Information Release (《對外信息發佈管理辦法》), the Administration of Public Media Communication (《公共媒體傳播管理規定》) the Administration of PUBLIC INFORMATION (《公共資料管理規定》) the Regulations on the Administration of We Media (《自媒體管理規定》), the Regulations on the Administration of Domain Name and Website (《域名及網站管理規定》), the Executive Manual of Market Activities (《市場活動執行手冊》), and Regulations on Crisis Prevention and Management of Public Relations (《公共關係危機預防與管理規定》) and strictly abides by national and regional laws and regulations such as Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests





(《中華人民共和國消費者權益保護法》) ensuring that the content of communication conforms to the relevant national laws and regulations, adhere to the authenticity of the published content and strictly eliminate false publicity, exaggeration and misleading and other undesirable content, to build a high-quality enterprise brand and establish a good corporate image. If there is any misleading information in the Group's advertising or marketing activities, the Group will explain to the customers and modify or withdraw the relevant advertisements.

CUSTOMER PRIVACY

The Group strictly abides by national and regional laws and regulations such as Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), The Group takes necessary security measures for the receipt, transmission, use, copying, preservation and destruction of customer data, and requires its employees to sign an undertaking to keep the company's secrets, not to disclose the company's commercial secrets, business channels, customer information, production and operation information in any way, and not to utilize such information for personal gain. The Group strictly complies with the Law of the People's Republic of China on the Protection of Personal Information (《中華人民共和國個人信息保護法》) and relevant laws and regulations, and will only use customers' personal information within the scope prescribed by law and within the scope of authorized business purposes. Each employee signed a confidentiality agreement with the Group to ensure that employees strictly abide by confidentiality requirements.

The Group has established detailed privacy policies through upstream cooperation agreements and downstream supplier contracts, which stipulate that customer information shall not be disclosed to any third party without written consent. Regular training is provided to staff on customer privacy protection, and internal audits and inspections are conducted periodically to assess the effectiveness of privacy protection measures. Regular security audits of the Group's information systems have been conducted to ensure that customer information is stored and transmitted securely to prevent leakage or unauthorized access. By continuously upgrading the customer account management system, we fully ensure the security and effectiveness of the authentication mechanism and related applications, and effectively ensure the security of customer accounts.

Once the privacy leakage problem is found, the affected customers will be notified as soon as possible, and a professional team will be organized to conduct internal investigation. According to the investigation results, the existing security measures will be strengthened, and ensure that the customer privacy leakage problem is handled in a legal and compliant manner



RESPECT INTELLECTUAL PROPERTY

The Group attaches great importance to the protection and management of intellectual property rights, strictly abides by national and regional laws and regulations such as Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), Trademark Law of the People's Republic of China (《中華人民共和國商標法》), Patent Law of the People's Republic of China (《中華人民共和國專利法》), and also requires the partners to respect intellectual property rights in making cooperation. The Group has formulated the Intellectual Property Management System in accordance with all applicable laws and regulations to prohibit infringement on intellectual property rights. The Group pays attention to the development and protection of intellectual property rights in the process of business development, and respects the intellectual property rights and other legitimate rights and interests of others, and does not allow infringement on external intellectual property rights. In case of potential intellectual property risks, the Group will immediately take measures to stop suspicious risk behaviors and actively communicate with relevant parties to reach a solution.

COMMUNITY

Responding to the pledge of the government to employ disabled persons, the Group started the disabled recruitment project officially in 2016 and gave preference to offering employment opportunities to disabled persons nearby the community and one disabled person was successfully recruited. In 2024, we set up special posts for the disabled in many departments, and accepted qualified disabled persons to join in the enterprise to achieve employment. A total of 16 disabled persons were employed. In order to improve the employees' anti-fraud awareness, we have carried out several anti-fraud publicity activities by sending emails to all employees, reminding them to beware of various fraud traps. In response to the national initiative on national fitness, green travel and low-carbon life, we have organized "Yue Bu" for all employees since 2015 to encourage more walking and less driving. This activity has been held for 10 consecutive years. This year, the employees actively participated in the activity, and the number of walking steps during the activity exceeded 32 million.

OUTLOOK

Looking forward to 2025, the geopolitical conflicts and escalating trade tensions have heightened uncertainties. The global economy still facing severe challenges and downward risks to economic and trade activities. In 2025, the Chinese government will continue to implement proactive fiscal policies and moderately loose monetary policies, prioritizing the target of "vigorously boosting consumption, enhancing investment efficiency, and comprehensively expanding domestic demand." It will leverage technological innovation to drive the development of new quality productive forces and promote high-quality economic growth. Currently, artificial intelligence is spearheading new growth in the global technology sector, leading a profound technological revolution and industrial transformation. In 2025, by adopting the operational approach of "creating ecological value and being a partner for high-quality growth", the Group will strengthen its position as a technology service enterprise, utilizing innovation as its driving force, digital intelligence technology as its means, and intelligent distribution services as its foundation. It will expand into emerging industry ecologies such as cloud applications, the metaverse, cybersecurity, and the low-altitude economy, continue to advance service innovation and value creation so as to help partners maximize ecological value, achieve win-win, high-quality growth, and deliver greater contributions to shareholders.

生态价值创造 高质量成长好伙伴



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KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse gases emissions	16
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous waste and non-hazardous waste	17
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Aspect A2: Use of Resources

General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials.	Use of resources	18
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Emission from the use of electricity, Use of fuel	16,17, 18
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of water	19
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources	18
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of water	19
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Use of packaging materials	20

Aspect A3: The Environment and Natural Resources

General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The environment and natural resources	21
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The environment and natural resources	21

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Aspect A4:

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	21
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	21

B. Social

Employment and Labour Practices

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	22
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age Group and geographical region.	Employment	22
KPI B1.2	Employee turnover rate by gender, age Group and geographical region.	Employment	22

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Aspect B2: Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and safety	25
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety	25
KPI B2.2	Lost days due to work injury.	Health and safety	25
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and safety	25

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training	26
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	Development and training	26
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training	26

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Aspect B4: Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour standard	27
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standard	27
KPI B4.2	Description of steps taken to eliminate such non-compliance practices when discovered.	Labour standard	27

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Upstream and downstream collaboration and operation management	28
KPI B5.1	Number of suppliers by geographical region.	Upstream and downstream collaboration and operation management	28
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Upstream and downstream collaboration and operation management	28

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KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Upstream and downstream collaboration and operation management	28
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Upstream and downstream collaboration and operation management	28
Aspect B6:Product Responsibility			
General Disclosure	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Quality assurance	32
		Responsible marketing and promotion	33
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality assurance	32
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality assurance	32
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Respect intellectual property	35
KPI B6.4	Description of quality assurance process and recall procedures of products.	Quality assurance	32
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information security	33

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Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	14
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	14
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	14
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	14

Community

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community	35
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community	35
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community	35