

2024 | ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT



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Hundreds of Artisans Meticulously Craft a Smart Way to Ensure You Enjoy a Better Night’s Sleep

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About the Report



Introduction

This report is the second annual Environmental, Social and Governance (ESG) report released by Healthcare Co.,Ltd. Based on the principles of objectivity, standardization, transparency and comprehensiveness, this report discloses in detail the management and performance in the fields of environment, society and corporate governance of Healthcare Co.,Ltd. in 2024.



Organizational Scope

This report takes Healthcare Co.,Ltd. as the main body and covers Healthcare Co.,Ltd. and its wholly-owned and holding subsidiaries. Unless otherwise specified, the scope of this report is consistent with that of the company's annual report.



Reporting Period

The time range of this report is from January 1, 2024 to December 31, 2024 (hereinafter referred to as the "Reporting Period"). In order to enhance the completeness and comparability of the report, some of the contents may appropriately trace back to previous years or have forward-looking descriptions.



Preparation Basis

- ShanghaiStock Exchange Self-Regulatory Guidelines for Listed Companies No. 14 - Sustainability Report (Trial)
- Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Report
- The "Reference" standard of the GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI)
- China Enterprise Reform and Development Research Association Guidelines for Sustainable Development Reporting for Chinese Enterprises (CASS—ESG 6.0)
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Sustainable Development Goals (SDGs) of the United Nations
- Sustainability Accounting Standards Board (SASB) Standards



Data Explanation

The data sources used in this report include Healthcare Co.,Ltd.'s official documents, statistical reports and financial reports, third-party questionnaires, public documents, etc. Unless otherwise specified, all amounts in this report are expressed in RMB. The organizational boundaries of this report are determined based on the operational control method, which covers all companies under the actual operational control of the Company. Unless otherwise specified, the statistical caliber of the report data is consistent with the scope of the company's consolidated financial statements.



Appellation Description

For the sake of convenient expression, The interpretations of the Company, its subsidiaries, and other abbreviations are shown in the following table:

Abbreviation	Full Name
Healthcare Co.,Ltd., the Company the parent company	Healthcare Co.,Ltd.
Nisco	Nisco Co., Ltd.
Deeplant New Material	Jiangsu Deeplant New Material Technology Co., Ltd.
Shanghai Henglv	Shanghai Henglv Network Technology Co., Ltd.
Shanghai Nisco	Shanghai Nisco Furniture Co., Ltd.
Nantong Zero Pressure	Nantong Zero Pressure Home Technology Co., Ltd.
Shanghai Mlily	Shanghai Mlily Beddings Co., Ltd.
Nisco (Thailand)	Nisco(Thailand)Co.,Ltd
Mlily USA, Inc	Mlily USA,Inc
MOR	MOR Furniture For Less,Inc.
Matresses Dreams, S.L.	MATRESSES DREAMS,S.L.
Overseas production bases	The production base in South Carolina, USA, the production base in Arizona, USA, the production base in Serbia, the production base in Thailand, and the production base in Spain.



Access to the Report

You can view and download the electronic version of the report and obtain more company information on the Shanghai Stock Exchange (<https://www.sse.com.cn>), cninfo (<http://www.cninfo.com.cn>), and the official website of Healthcare Co.,Ltd. (<https://www.mlily.com/cn>).



Feedback Form

If you have any opinions or suggestions regarding the sustainable development of our company, you are welcome to provide feedback via Healthcare Co.,Ltd.'s telephone, email and other means, so as to help our company continuously improve this report.

Address: No. 999, Gaonan Road, Dingyan Town, Rugao City, Nantong City, Jiangsu Province
Tel.: 0513-68169482
Company Email: hkfoam@hkfoam.com

Statement of Chairman

In 2024, the global economic situation is characterized by complexity and rapid shifts, presenting both challenges and opportunities. Against this backdrop, Healthcare Co.,Ltd. has always centered around its mission of “committed to enhancing the deep sleep of humanity” and its beautiful vision of “making Healthcare Co.,Ltd. a respected global brand”. In the process of deepening the global layout of production capacity and implementing the international brand strategy, Healthcare Co.,Ltd. actively integrates the ESG concept into its corporate development while upholding Mlily’s core value of zero-pressure. By maintaining its core value of zero-pressure, Mlily not only delivers a healthy sleep experience to consumers but also contributes to the sustainable development of society.

- **With green initiatives to drive development, we move forward steadily for long-term success. This year, we practiced environmental protection and explored the future with “carbon”.**

Healthcare Co.,Ltd. has always adhered to the concept of green development, continually enhancing its environmental management system and establishing a sustainable governance framework. We have continuously explored carbon reduction measures such as energy conservation, emission reduction and the use of clean energy to improve energy utilization efficiency. We have carried out pollution prevention and control in an orderly manner to ensure that the discharge of “three wastes” meets the standards. We are committed to making green the distinct characteristic of its corporate development.

- **We uphold rock-solid craftsmanship and embrace proactive responsibility. This year, we adhered to innovation-driven development and headed for the bright future.**

Healthcare Co.,Ltd. focuses on its core business to carry out product research and development and innovation, and continuously improves product competitiveness. In 2024, MLILY was confirmed by iiMedia Consulting for three market positions: “No. 1 in National Smart Bed Sales”, “No. 1 Brand of China’s Smart Beds”, and “Leading in National Smart Bed Sales”. We drive the advancement of informatization and digitalization, enhancing the Company’s operational quality and efficiency through supply chain optimization and digital operations. We protect the legitimate rights and interests of employees, actively engages in social welfare, and demonstrate Healthcare Co.,Ltd.’s responsibility and commitment with actions.

We perform standardized governance to build trust and drive trustworthy growth. This year, we adhered to compliance management and consolidated the foundation.

Adhering to the core values of “Be Collaborative, Be Innovative, Have A Positive Attitude, and Honor Your Commitments”, we build a solid bottom-line thinking of compliance, strengthen internal risk control, and continuously improve the Company’s business management level. We strengthen our integrity defenses with zero tolerance for illegal activities such as commercial bribery, embezzlement, and unfair competition. With the concerted efforts of all employees from top to bottom, it helps the Company develop healthily.

Looking back on the past, we’ve shared the trials and tribulations together. With our sights firmly set on the main course, we look ahead to embracing new landscapes and challenges. In 2025, Healthcare Co.,Ltd. will focus on mutual benefit and harmonious coexistence, safeguarding the ecological environment, fulfilling social responsibilities, and promoting shared development.



Ni Zhanggen

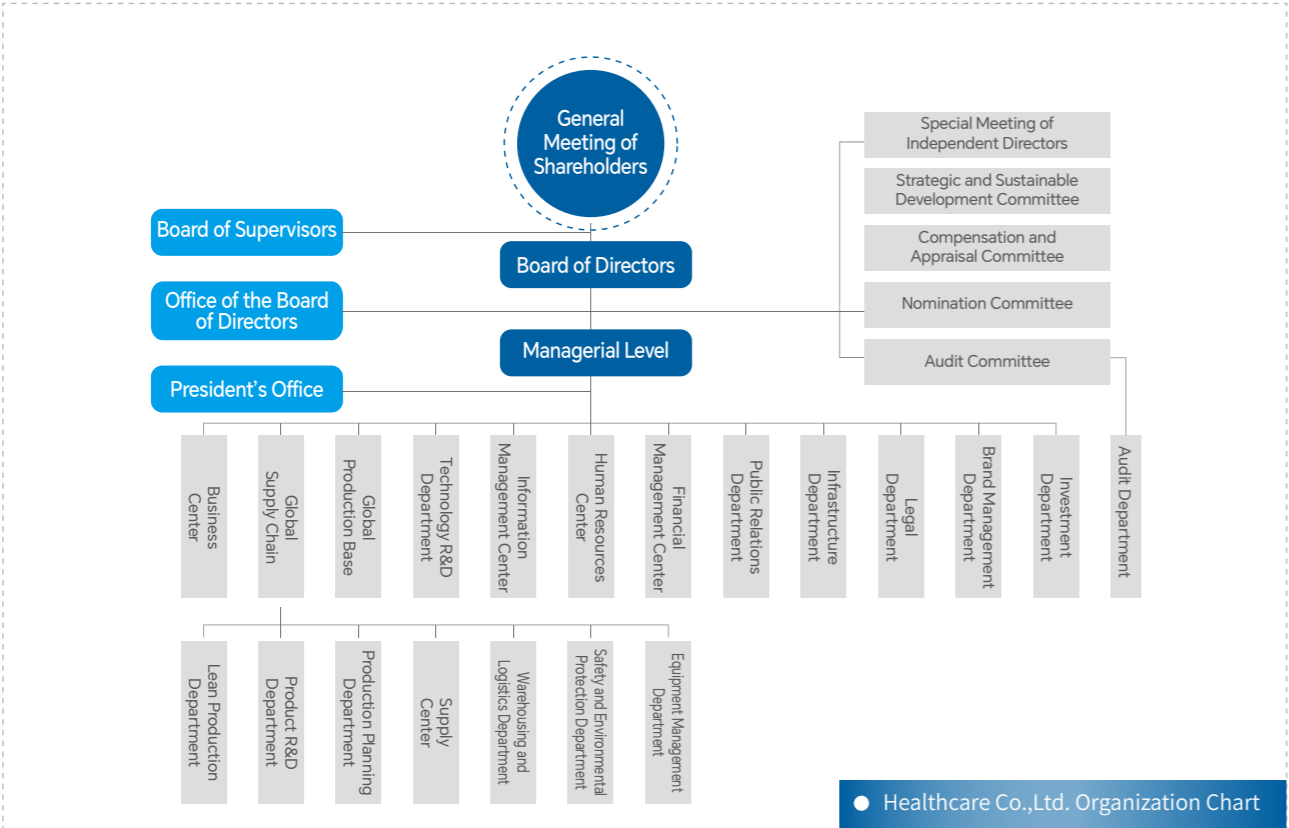
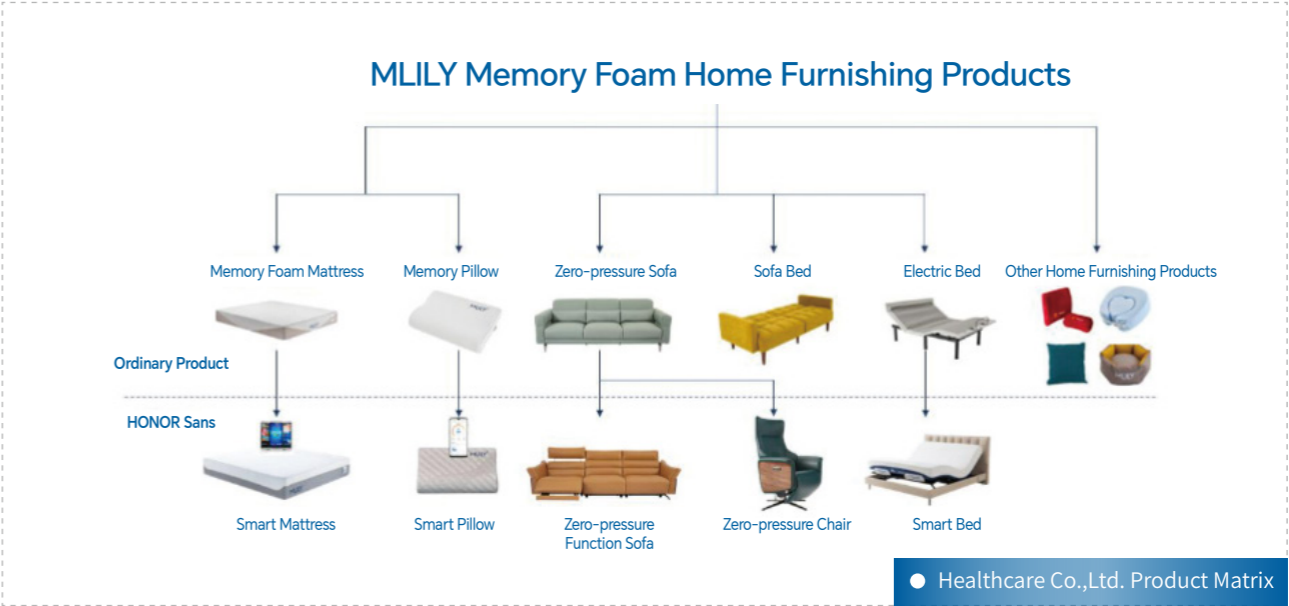
Chairman of Healthcare Co.,Ltd.



About Healthcare Co.,Ltd.

Company Profile

Healthcare Co.,Ltd. was founded in 2003 and was listed on the main board of the Shanghai Stock Exchange on October 13, 2016 (stock code: 603313). It is one of the earliest companies in China engaged in the research and development, design, production and sales of memory foam home products. It is currently a major domestic manufacturer and brand of memory foam home products. The Company adheres to the development strategy of "globalization of production capacity and internationalization of brand". With production bases in China, Serbia, the United States, Thailand, and Spain, the globalization of its production capacity is now taking shape. The Company has gradually established its own brand system including "MLILY 梦百合", "0-pressure Room", "Zero-pressure Room", "NISCO 里境" and "VALUE 福至". Among them, the "MLILY" brand has been rated as an internationally renowned brand that is key to the cultivation and development of Jiangsu Province and a well-known cross-border e-commerce brand that is key to the cultivation and development of Jiangsu Province. The "MLILY 梦百合" trademark awarded the title of a highly renowned trademark in Jiangsu Province, and the "MLILY 梦百合" Zero-pressure Cotton series mattresses have been recognized as "Jiangsu Boutique Products". In the process of developing its own brands, the Company has laid out its market with a global vision, with subsidiaries such as Shanghai MLILY, Shanghai Henglv, Nantong Zero Pressure and MLILY USA, Inc as its main business platforms. It has continuously strengthened the market promotion and sales channel construction of its own brands, including "MLILY 梦百合". Its digital marketing network spans all over the world, and its products are sold to 110 countries and regions around the world, including the United States, Japan, and the United Kingdom.



Corporate Culture

MISSION

Dedicated to Improving People's Deep Sleep and Changing the Chinese Practice of Using Hard Beds

VISION

Make MLILY a Respectable World Brand.

VALUES

Be Collaborative, Be Innovative, Have A Positive Attitude, and Honor Your Commitments.

Development History

2003

Healthcare Co.,Ltd. Home, the predecessor of Healthcare Co.,Ltd. was established.



MLILY 梦百合®

MLILY 梦百合 brand was founded with the dedication to improving people's deep sleep quality.

2008

2012

The Mily zero-pressure room brand was established to provide decompression and sleep-aiding rooms for business travelers.



It obtained patents for non-temperature-sensitive zero-pressure cotton in many countries

Healthcare Co.,Ltd. landed in the United States, embarking on its global journey of providing zero-pressure experiences..



It became the designated supplier of "Stress Relief Products for the Chinese National Go Team".

2013

2014

Healthcare Co.,Ltd. officially entered the domestic market and the markets such as Britain, South Korea, Japan and Germany.



Healthcare Co.,Ltd. entered the Canadian and Australian markets.



The first overseas production base, the Serbia factory, officially started production.

2015

2016

Healthcare Co.,Ltd. successfully listed on the A-share market with the stock code: 603313.



Healthcare Co.,Ltd. became the official global partner of Manchester United.



Healthcare Co.,Ltd. acquired Mattresses Dreams.



Healthcare Co.,Ltd. entered the Israeli, Malaysian and Thai markets.

2017

2019

The Thailand factory and the South Carolina factory in the United States opened, which was another step forward in the process of globalization of Healthcare Co.,Ltd.



The South Carolina Factory in the United States



The Thailand Factory



Healthcare Co.,Ltd. acquired the American home furnishing chain MOR.



The Spanish production base was established.

2020

2021

The factory in Arizona, the United States, was opened.



Healthcare Co.,Ltd. established cooperative relationship with German MC.



The production base in Arizona, USA, was expanded. A new brand, NISCO sofa, was established.

2022

2023

As a partner of *The Three-Body Problem*, Healthcare Co.,Ltd. have co-branded with the series to raise awareness of the shared issue of human sleep and released the "Caretaker's Manifesto".



Healthcare Co.,Ltd. held the Mily Zero-pressure Smart Series Strategic Conference.

2024

Business Layout

THE COMPANY'S SIX MAJOR PRODUCTION BASES



South Carolina, USA—Production Base



Arizona, USA—Productio Base



Serbia—Production Base



Thailand—Production Base



Spain—Production Base



Jiangsu, China—Production Base

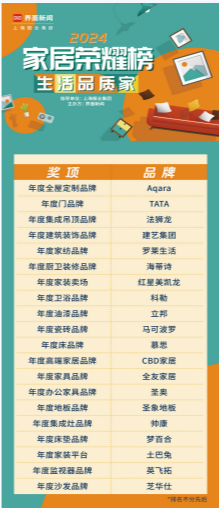
Honors & Certificates



2024
Home Furnishing Industry Service Model
Awarding Authority: **NetEase Home**
Award Time: **March 2024**



2024
Top 500 Chinese Domestic Consumer Brands in 2024
Awarding Authority: **iiMedia Research**
Award Time: **July 2024**



2024
Jiemian News Home Honor List
Awarding Authority: **Jiemian News**
Award Time: **August 2024**



2024
EO New Domestic Cooltop10 Overseas List
Awarding Authority: **EO Intelligence**
Award Time: **September 2024**



2024
100 Chinese Home Furnishing Companies by Value in 2024
Awarding Authority: **Sohu Home**
Award Time: **December 2024**



2024
China's Most Influential Product Award
Awarding Authority: **iiMedia Research**
Award Time: **December 2024**



2024
China's No. 1 Smart Bed Brand

Awarding Authority: **iiMedia Research**
Award Time: **January 2025**



2024
National Leading Sales of Smart Beds

Awarding Authority: **iiMedia Research**
Award Time: **January 2025**



2024
No. 1 in National Smart Bed Sales in 2024

Awarding Authority: **iiMedia Research**
Award Time: **January 2025**



ESG Honors and Recognition



In September 2024

the Company's cases in the field of green and low-carbon development innovation were included in the Top 100 Low-Carbon Brands, and the cases were displayed at the 2024 China International Service Trade Exchange-Carbon Neutrality Action and Corporate ESG Innovation Forum.

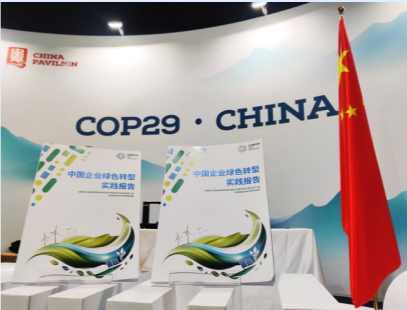


In November 2024

the Company's 2023 ESG report was reviewed by experts from the Social Responsibility Report Rating Expert Committee of the China Corporate Public Transparency Research Center and received an "AA" rating. It also participated in the "Industry and Information Technology Thousands of Companies" centralized display of outstanding sustainable development reports.

In November 2024

the Company's case titled Polishing a New Business Card of Climate Value and Creating the Art of Green Sleep was selected into the 2024 Report on Green Transformation Practices of Chinese Enterprises and was released at the China Corner of the United Nations COP29.



ESG Rating

Wind ESG
梦百合
2024评级
A

WIND ESG Rating
Grade **A**

易董 ESG+8 评级
梦百合 (603313)
2024年评级 **A**

Easy-board ESG+8 value rating
Grade **A**

梦百合家居科技股份有限公司—603313.SH
2024年ESG等级
A-

China Chengxin (CCX) Green Gold ESG Rating
Grade **A-**

Note: The above ratings are for 2024 as of the end of the reporting period.

Performance Highlights

Economic Performance

Operating Income RMB **8,449.3862** million

Investment in R&D RMB **141.5059** million

Total Taxes RMB **260.1398** million

Social Performance

Total investment in both external donations and public welfare projects. RMB **3.2585** million

Total number of authorized patents **297**

Social Insurance Coverage Rate **100%**

Governance Performance

General Meeting of Shareholders Convened **3** Percentage of Independent Directors **42.86%**

Meetings of the Board of Directors Convened **6** The number of announcements disclosed to the public **124**

Meetings of the Board of Supervisors Convened **5** Total number of suppliers under in-stock management **2,044**

Environmental Performance

Total environmental investment RMB **2.6015** million Total hours of environmental training **521** hours

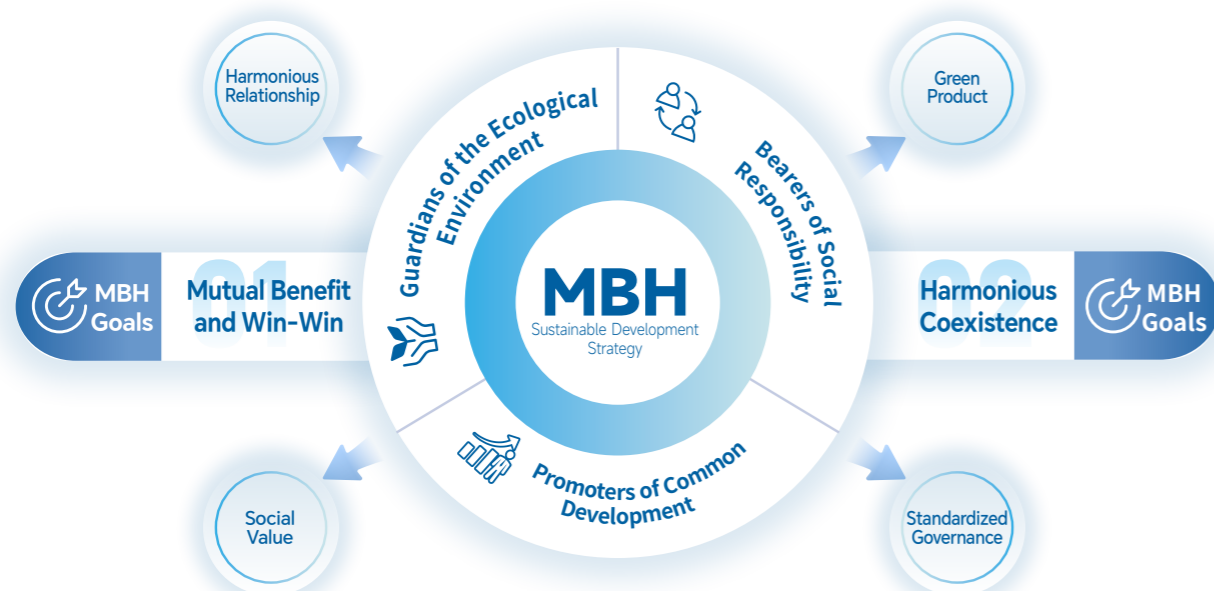
Solar power generation **2,936,217.10** kWh

Incidents of administrative penalties imposed by relevant departments such as ecological and environmental departments due to environmental problems **0**

Sustainable Development Governance

Sustainable Development System

Healthcare Co.,Ltd. adheres to the sustainable development strategy of "Mutual Benefit and Harmony (MBH)" and deeply implements the concept of sustainable development. By focusing on the two goals of mutual benefit, win-win results, and harmonious symbiosis, the Company promotes sustainable development in four major aspects from the three dimensions of environment, society, and governance: creating greener zero-pressure products, improving more standardized corporate governance, building more harmonious cooperative relationships, and creating more diverse social values. The Company is committed to becoming a guardian of the ecological environment, a bearer of social responsibilities, and a facilitator of common development.



MBH's Meaning

"MBH" closely aligns with the MLILY brand name. "M - Mutual" corresponds to "梦" (Dream), representing "Unifying to Achieve Dreams and Win Together"; "B - Benefit" corresponds to "百" (Hundred), representing "Creating Value Through Diversity"; "H - Harmony" corresponds to "合" (Harmony), representing "Harmonious Coexistence and Shared Future".

ESG Strategic Direction

M

Mutual: Unifying to Achieve Dreams and Win Together

Definition

Link the value symbiosis network, promote a fair, transparent and inclusive development model, conduct full due diligence in business activities, and build a community of development with employees, suppliers, customers and the community. Establish a multi-dimensional employee capability training system and a clear career advancement path. Deepen supply chain collaboration and promote sustainable development of the supply chain. Establish and improve compliance and risk management mechanisms, firmly oppose unfair competition, commercial bribery and corruption, practice business ethics, and maintain market order.

Corresponding topics

- Protection of employees' rights and interests
- Supply Chain Security
- Communications with Stakeholders
- Equal Treatment of Small and Medium-Sized Enterprise
- Firmly Lead with Party Buildings
- Compliance and Risk Management
- Anti-unfair Competition
- Anti-commercial Bribery and Anti-corruption
- Due Diligence
- Corporate Governance Compliance

SDGs



B

Benefit: Creating Value through Diversity

Definition

Implement the full lifecycle management of products, apply technologies that comply with social values and laws and regulations, and comprehensively accelerate the pace of product innovation. Create more value for society through innovative products and services, and enhance the social responsibility of the enterprise. Improve customer satisfaction with lean quality control, while protecting customer data and privacy and maintaining customer trust. Drive sustainable value growth effectively give back to shareholders. We promote the rural revitalization strategy. By providing employment opportunities and driving upstream and downstream industries, we aim to form an industrial synergy effect.

Corresponding topics

- Product and Service Safety and Quality
- Innovation-driven
- Protection of Shareholders' Rights and Interests
- Technology Ethics
- Data Security and Customer Privacy Protection
- Contribution to Society
- Rural Revitalization

SDGs



H

Harmony: Harmonious Coexistence and Shared Future.

Definition

We comply with environmental laws and regulations and standards, promote the use of renewable energy sources such as solar photovoltaic power, continuously optimize energy-saving and emission-reduction solutions in production and operations, so as to achieve a dynamic balance between energy consumption and ecological capacity. By improving the efficiency of water resource utilization, controlling and reducing pollutant emissions, promoting the recycling of resources, and reducing waste, we aim to achieve environmental sustainable development.

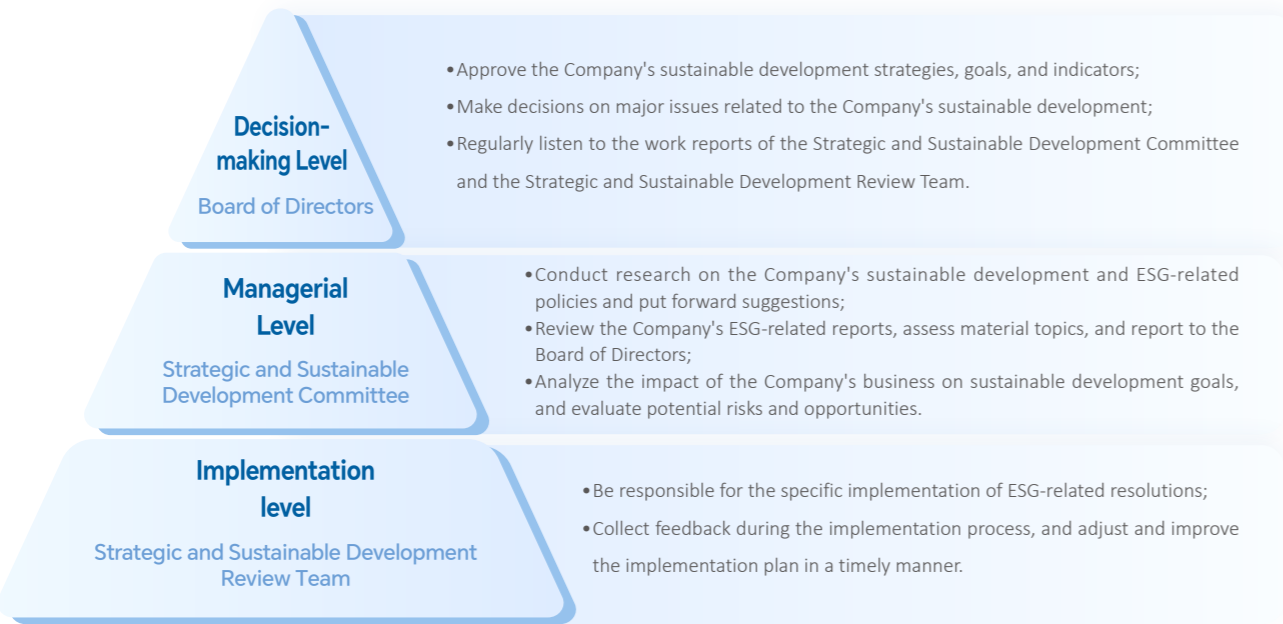
Corresponding topics

- Response to Climate Change
- Environmental Compliance Management
- Energy Utilization
- Circular Economy
- Pollutant Emissions
- Waste disposal
- Water Resource Utilization
- Ecosystem and Biodiversity Protection

SDGs



The Company has formulated the Sustainable Development Risk Management System and Implementation Rules of the Board of Directors' Strategy and Sustainable Development Committee to build a hierarchical sustainable development management organizational structure to ensure that the Company can effectively promote the practice of social and environmental responsibilities while pursuing economic benefits and achieve long-term sustainable development goals.



Case Study

ESG Project Kick-off Meeting and Sustainable Development Training

In January 2024, Healthcare Co.,Ltd. held an ESG project launch meeting and sustainable development training. The content of the meeting deeply analyzed the conceptual connotation and extension of ESG. On this basis, it elaborated in detail the external environment faced by the Company's ESG work from seven aspects: international, domestic, investment, rating, industry development, market value and supervision. It highlighted the importance of the Company's ESG management and emphasized that the Company's ESG work has long-term and positive sustainable value. Only by effectively balancing the needs of the environment, society and stakeholders can a win-win situation be achieved for all parties. In addition, the meeting also focused on analyzing and discussing four aspects: improving the ESG management system, enhancing ESG management capabilities, strengthening ESG information disclosure, and continuously improving ESG ratings. Participants gained a clearer and more specific understanding of the importance of carrying out ESG work in a systematic manner and the implementation path. Through this meeting, the Company's staff gained a more comprehensive and in-depth understanding of ESG, laying a good foundation for subsequent sustainable development work.

Due Diligence

Due diligence is a key part of a company's ESG management. Healthcare Co.,Ltd. regards due diligence as an important part of the Company's risk management system. The Company uses risk-oriented audit as a benchmark, dynamically allocates audit resources based on risk maps, and identifies and manages relevant risks in the environmental, social and governance areas. It thoroughly analyzes the causes and impact of risks, and works with the audited units to develop actionable, quantifiable, and verifiable rectification plans based on business scenarios. The aim is to ensure that rectification responsibilities are assigned to specific positions and individuals, and that progress is recorded throughout the process. The Company has established a special audit management system to target fraud risks. It maintains a professional and prudent attitude towards risks such as fraud that damages the organization's economic interests and fraud that seeks to obtain the organization's economic interests. It conducts special audits on abnormal signs and provides dynamic warnings to the governance level. By converting audit results into management improvement actions and systematically improving the risk prevention and control system, we will safeguard the Company's sustainable and stable development and achieve comprehensive prevention and control of ESG risks.

Communications with Stakeholders

Effective stakeholder communication is an important basis for the Company to carry out ESG management. Based on its own industry characteristics and operating conditions, Healthcare Co.,Ltd. identifies key stakeholders such as government or regulatory agencies, shareholders, customers, suppliers, employees, and industry associations, and systematically collects the demands and suggestions of all parties on sustainable development issues through questionnaires, communications and other communication methods. Taking the protection of shareholders' rights and interests as the core, the Company strictly implements the compliance disclosure system for listed companies, improves the internal control and risk management system, enhances the operational efficiency, focuses on the strategy of enhancing long-term value, ensures the shareholders' right to know and the right to supervise, and safeguards the legitimate rights and interests of shareholders. For customers, suppliers, employees and other entities, the Company achieves value resonance between corporate development and social development through targeted measures such as compliance review, supply chain collaboration, and employee welfare protection.

Stakeholders	Demands and Expectations	Communication and Response
Government or regulatory agencies	<ul style="list-style-type: none">• Comply with laws and regulations• Tax contribution• Environmental compliance management• Maintain fair competition• Serve regional economic development	<ul style="list-style-type: none">• Run the business legally• Pay taxes in full according to law• Environmental monitoring and testing• Build a compliance prevention system• Promote local employment
Shareholders	<ul style="list-style-type: none">• Information disclosure and transparency• Protect Shareholders' rights and interests• Increase the Company's market value	<ul style="list-style-type: none">• Disclose information in accordance with the law• Strengthen business management• Standardize market value management
Employees	<ul style="list-style-type: none">• Equal Employment• Occupational health and safety• Focus on employees' growth• Compensation and benefits• Employee Care	<ul style="list-style-type: none">• Protect employees' rights and interests• Safety production management• Employee training• Employee benefits system• Employee activities
Suppliers	<ul style="list-style-type: none">• Supply chain management• Transparent procurement• Cooperation and mutual benefit• Information interconnection	<ul style="list-style-type: none">• Supplier audit and supervision• Anti-commercial bribery• Promote strategic cooperation• Industry exchange and training

Stakeholders	Demands and Expectations	Communication and Response
Customers	<div>• After-sales service management</div> <div>• Control product quality</div> <div>• Protect information security and privacy protection</div>	<div>• Conduct customer satisfaction surveys</div> <div>• Provide high-quality products</div> <div>• Improve data security management system</div>
Community or non-profit organization	<div>• Address the needs of vulnerable groups</div> <div>• Contribute to the community</div>	<div>• Support via diverse approaches</div> <div>• Conduct public welfare activities</div>
Media	<div>• Accept social supervision</div> <div>• Establish positive interactions</div>	<div>• Enhance information disclosure</div> <div>• Respond to media attention</div>
Industry associations	<div>• Technological innovation</div> <div>• Contribute to the development of the industry</div>	<div>• R&D and innovation system</div> <div>• Promote standard setting</div>

Management of Material Issues

Healthcare Co.,Ltd. collects feedback from stakeholders such as shareholders, customers, employees, suppliers and communities through online questionnaires and other forms to identify key issues that are of strategic significance to the Company's sustainable development. Based on the two core dimensions of "importance to the Company's financial situation" and "importance to economic, social and environmental impacts", the Company conducted an in-depth assessment and identified 25 issues, and constructed a scientific and reasonable matrix of material issues.

01 Analysis of the Company's Current Situation

Through the analysis of the Company's strategic positioning, business development, and business model, we focus on identifying the Company's "financial material issues". Through peer benchmarking and industry trend development, we identify the issue of "importance of impact on the economy, society and the environment".

02 Investigation on the Importance of the Issues

With reference to the United Nations Sustainable Development Goals (SDGs), SASB, and the guidelines of stock exchanges and other domestic and international indicator systems, we compiled a complete list of topics, conducted an online questionnaire survey for stakeholders and leaders, and collected 308 valid questionnaires. We conducted a survey on material topics through expert evaluation.

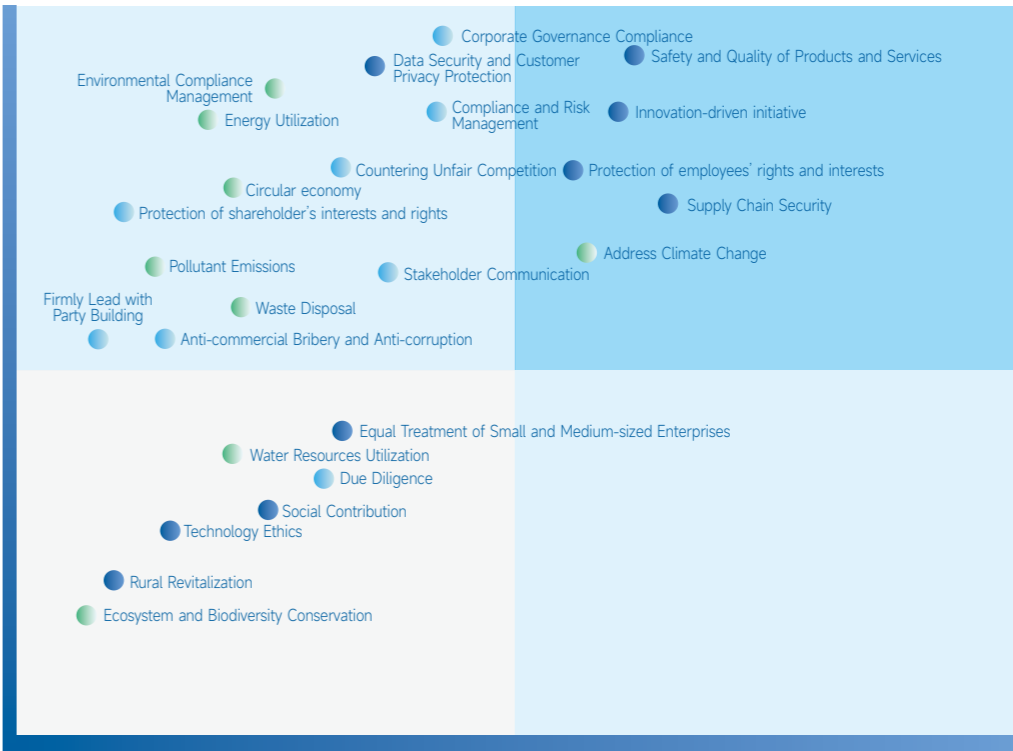
03 Ranking of Importance of Issues

The questionnaire survey results are analyzed and ranked, and after internal review and expert evaluation, the ranking of topics is comprehensively determined to form a four-dimensional matrix of material topics.

04 Matrix of Material Issues

To ensure the accuracy and comprehensiveness of material topics, ESG external experts conduct professional reviews of the initially identified issues and make optimization suggestions based on feedback from stakeholders The Company's management reviews the material topics and their ranking to ensure that the issues are consistent with the Company's strategic goals and business priorities; Five material issues with financial materiality are identified. Based on the evaluation results of these issues, a material issue matrix is constructed. In the ESG report, the issues that stakeholders are concerned about or have financial significance are disclosed with emphasis.

The Importance of the Impact on the Economy, Society and Environment



Materiality to Corporate Finance

- Issue with Only Impact Materiality
- Dual material issues
- General Material Issues
- Issue with Only Financial Materiality

Materiality	ESG Issues
Dual material issues	Product and service safety and quality, innovation-driven initiatives, employee rights protection, supply chain security, and climate change response
Issues with Only Impact Materiality	Corporate Governance Compliance、data security and customer privacy protection, environmental compliance management, energy utilization, compliance and risk management, anti-unfair competition, circular economy, shareholder rights protection, pollutant emissions, stakeholder communication, waste disposal, anti-commercial bribery and anti-corruption、Firmly Lead with Party Building
General Material Issues	Equal treatment of small and medium-sized enterprises, water resource utilization, due diligence, social contribution, science and technology ethics, rural revitalization, ecosystem and biodiversity protection

01

Dreams Rest on Green Water, and Clouds
Accompany Green Mountains

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Response to Climate Change

Climate Change Governance

The Company actively responds to the national policy call for “carbon peaking and carbon neutrality”, and systematically promotes the management of climate change risks and opportunities. The Company has established a sustainable governance framework, setting up a Strategy and Sustainability Committee and a Strategy and Sustainability Review Team. It implements climate governance responsibilities at different levels, promotes the implementation of specific measures such as the use of clean energy and the improvement of energy efficiency, and achieves the deep integration of climate governance and business development.

Climate Change Strategy

Healthcare Co.,Ltd. refers to the Guidelines for Financial Disclosures Related to Climate Change (TCFD), comprehensively analyzes the climate change risks and opportunities that may be faced under different carbon emission scenarios and economic and social development paths, and formulates a systematic response strategy based on industry characteristics and business realities. The Company has clearly defined its low-carbon transformation path and plans to increase the annual use of photovoltaic power generation by 2025 to reduce carbon emissions. At the same time, the Company conducts a climate adaptability assessment. Based on the Company's non-high-carbon industry attributes and the low-carbon characteristics of its products, it focuses on the upstream fabric procurement links with high-carbon attributes, and responds to customers’ green needs and balances supply chain carbon constraints through measures such as selecting recyclable yarns to weave fabrics, thereby continuously improving climate resilience.

Risk Type	Risk Description		Probability of Occurrence	Impact Magnitude	Impact Time frame	Value Chain ^① Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Transformation Risks	Policy and Legal Risks	There may be risks of legal liabilities, regulatory sanctions, disciplinary actions, financial losses, or reputational damage due to non-compliance with climate-related policies or regulations.	Low	High	Mid-term	Operations	Medium	Increased non-operating expenses	All departments should strengthen their attention and study of climate change-related policies and laws, and effectively identify and manage climate change risks and opportunities.
		Domestic and foreign regulatory agencies, capital market rating guidelines, etc. have all increased their attention to corporate climate change or carbon emissions.	Low	Medium	Short-term to Medium-term	Operations	Medium	Increased operating costs	Strengthen the management of climate change and carbon emissions, strictly abide by laws and regulations, and make compliance disclosures in accordance with the law.
	Technology Risks	During the process of technological transformation, the development and application of energy-saving and environmental protection technologies such as raw material use, waste management, and green packaging may have an impact on the Company's operations and business.	Medium	High	Short-term to Medium-term	Operations	High	Increased investment in research and development	Focus on cutting-edge technologies, rationally plan R&D investment, and continuously carry out technological innovation and improve energy efficiency.
		The progress of product technology research and development may lag behind expectations.	Low	Medium	Short-term to Medium-term	Operations	Medium	Increased investment in research and development	Track the entire R&D process in a timely manner, reasonably adjust the R&D progress, and actively absorb R&D talents.

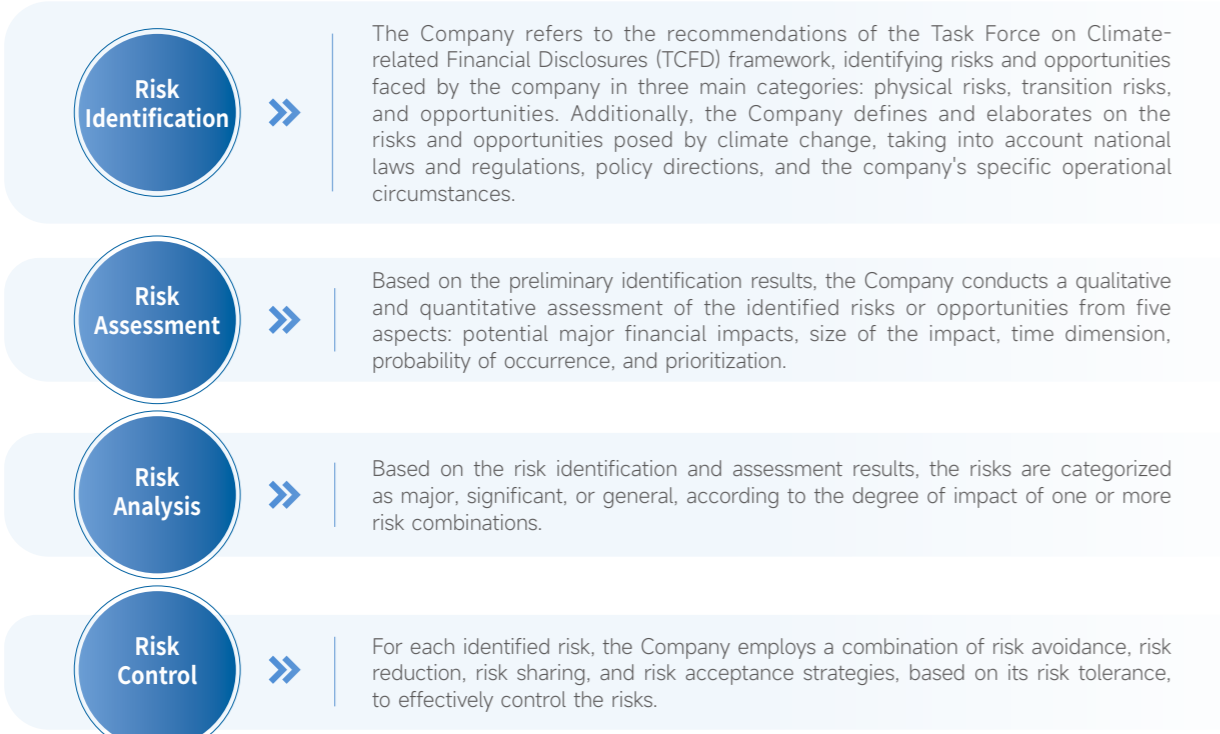
		Environmental Compliance Management	Energy Utilization	Circular Economy	Pollutant Emissions	Waste Disposal	Water Resource Utilization	Ecosystem and Biodiversity Protection	
Transformation Risks	Resource Usage Risks	Climate change could lead to water shortages or stricter controls on the use of forest resources, which could result in higher prices for raw materials and packaging or a reduction in available resources.	Low	Medium	Medium to long term	Upstream, Operations	Medium	Increased material procurement costs and operating costs	Monitor raw material supplier price trends and redesign products when appropriate to ensure a continuous supply of input materials.
	Reputation Risks	Climate change may trigger the public's increased attention to environmental protection. If the Company fails to effectively address the challenges posed by climate change, it may damage its reputation and brand image.	Low	Medium	Medium to long term	Operations, downstream	Medium	Decreased operating income	Actively fulfill social responsibilities, strengthen environmental protection publicity and communication, and establish a good corporate image.
Physical risks	Natural disaster risks	Drastic weather changes such as floods and typhoons may affect the Company's upstream and downstream supply chains, factory production and product transportation.	Low	High	Medium to long term	Operations	Medium	Decreased operating income. Increase in operating costs	Pay timely attention to extreme climate events and establish a more complete extreme weather emergency management plan.
	Chronic weather change risk	The long-term transformation of natural patterns such as sea-level rise and persistent high temperatures may have an impact on the Company's product production and the upstream and downstream supply chains.	Low	Medium	Medium to long term	Operations	Low	Decreased operating income. Increase in operating costs	Establish a diversified supply chain system to reduce dependence on a single region or supplier; optimize inventory management and maintain appropriate safety stock.

^① The time dimensions of all financial materiality in this article are defined as: short-term: within 1 year (inclusive); medium-term: 1 to 5 years (inclusive); long-term: more than 5 years.

Opportunity Type	Opportunity Description	Probability of Occurrence	Impact Magnitude	Impact Time frame	Priority Ranking	Explanation of Financial Impact	Response Measures
Market Opportunities	The public's attention to green production is increasing. If the Company takes a leading position in the industry in aspects related to green production, it is likely to attract more consumers. Customers' demand for low-carbon products and related services has increased.	High	High	Mediumto long-term	Medium	Augmented operating income	Promote green procurement, green packaging and green production to reduce the carbon footprint of products throughout their life cycle; incorporate environmental factors such as greenhouse gas emissions into supplier assessments to promote green development of the supply chain; carry out diversified sustainable consumption advocacy activities to strengthen the dissemination of the Company's green brand among the public.
Energy alternatives	Use photovoltaic power generation to reduce electricity purchases and thus reduce carbon dioxide emissions.	High	High	Mediumto long-term	High	Decreased operating costs	Adopt cleaner and more efficient energy solutions and increase the use of photovoltaics.

Impact, Risk and Opportunity Management

To effectively identify and assess the Company's risks and opportunities in responding to climate change and take proactive measures, the Company has formulated and implemented the Sustainable Development Risk Management System to build a systematic system for identifying, evaluating and responding to risks and opportunities.



Environmental Compliance Management

Environmental Management System

Healthcare Co.,Ltd. strictly abides by the Environmental Protection Law of the People's Republic of China and other laws and regulations in carrying out environmental management in its production and operation. The Company formulates internal systems such as the Policy of Environmental Management System and the Environmental Factor Identification and Evaluation Management Procedure based on its own actual situation. The Company builds the organizational structure of the Safety and Environmental Protection Department and establishes a special safety and environmental protection department. Under this department, environmental protection engineers are equipped. These engineers are mainly responsible for implementing laws and regulations related to the environment, identifying environmental factors, managing the discharge of industrial wastes (waste gas, waste water, and industrial residue), and regularly monitoring environmental indicators to ensure the effective operation of the company's environmental management. In 2023 and 2022, Healthcare Co.,Ltd. and Jiangsu Nisco respectively commissioned external agencies to carry out clean production audits, and the audit results were both clean production level 2. The Company's production and operation activities do not have significant negative impacts on ecosystems and biodiversity.

As of the end of the reporting period, Healthcare Co.,Ltd. and its subsidiary Jiangsu Nisco both passed the ISO 14001 environmental management system certification. During the reporting period, the Company and its subsidiaries were not subject to administrative penalties for environmental issues.



Environmental Management
System Certification

During the Reporting Period

Environmental Investment : The Company's total environmental protection investment amounted to RMB **2.6015** million;
Environmental Training : A total of **11** environmental protection training sessions were carried out, with **271** person-times participating in the training, and the total training duration was **521** hours.

Case Study

Environmental Management Program Training

On November 28, 2024, Healthcare Co.,Ltd. conducted environmental management procedures training for workshop team leaders and environmental management personnel, including management procedures such as environmental factor identification and evaluation, solid waste management, waste gas emission control, wastewater emission control and noise control. Through this training, the Company standardized the disposal process of the three wastes and enhanced employees' environmental protection awareness and related professional skills.



Environmental Risk Control

Identification of Hidden Hazards

Healthcare Co.,Ltd. has established a regular mechanism for detecting hidden dangers. Based on self-inspection and combined with regular patrol inspections and professional evaluations, this mechanism aims to promptly identify and eliminate potential environmental hazards, so as to minimize the impact of production activities on the environment. In daily operations, the Company strictly implements the hidden danger inspection plan and conducts detailed inspections of key areas such as production workshops, storage areas, and environmental protection facilities to ensure that various environmental protection measures are effectively implemented. During the reporting period, through self-inspection and other means, Healthcare Co.,Ltd.'s daily work of identifying potential environmental hazards has achieved remarkable results. No environmental protection issues were found. This reflects the Company's good management in environmental protection.

Environmental Monitoring

In order to further strengthen environmental supervision, the Company has formulated an environmental monitoring plan based on the production characteristics and regulatory requirements of different companies. Healthcare Co.,Ltd. conducts environmental monitoring twice a year, and its subsidiaries Jiangsu Nisco and Deeplant New Material conduct environmental monitoring once a year. Such a monitoring frequency can not only meet the requirements of environmental protection supervision, but also effectively identify and respond to potential environmental problems, thereby ensuring the environmental compliance of the Company's production activities.

Risk Assessment

Healthcare Co.,Ltd. strictly carries out corporate environmental risk assessment in accordance with the requirements of the Ministry of Environmental Protection's Guidelines for Risk Assessment of Sudden Environmental Events in Enterprises (Trial) and other relevant technical specifications. In order to achieve effective risk assessment, the Company has clarified the specific process of risk assessment.

01

Data Preparation and
Environmental Risk
Identification

02

Analyze possible
sudden environmental
incidents and their
consequences

03

Analyze the gaps in
existing environmental
risk prevention
and control and
environmental
emergency
management

04

Formulate and improve
the implementation
plan for environmental
risk prevention and
control and emergency
measures

05

Determine the risk level
of sudden environmental
events

Emergency Management

2024 Environmental long-term goals

✓ Chemical
leaks 0

✓ Fire
incidents 0

In order to prevent environmental accidents, we have formulated an emergency plan. We adhere to the principle of "people-oriented, reducing hazards" and implement a management system of "unified command and hierarchical responsibility". Under the leadership of the Emergency Command Center, we integrate internal and external resources and work together to strive to quickly handle and provide timely rescue when an accident occurs. At the same time, we regulate emergency management work in accordance with the law, conduct regular training and drills, and enhance employees' self-rescue and mutual rescue capabilities. Through the formulation and implementation of emergency plans, we can minimize the harm caused by accidents, protect the lives and health of employees and the public, and enable the Company to respond in an orderly and efficient manner when faced with sudden environmental incidents. The Emergency Response Plan for Environmental Emergencies formulated by the Company has been filed with the Rugao Ecological Environment Bureau of Nantong City.

Case
Study

Healthcare Co.,Ltd. Chemical Leakage Emergency Rescue Drill

On March 29, 2024, Healthcare Co.,Ltd. conducted a chemical spill emergency drill in a hazardous waste warehouse with a well-equipped leakage containment system. The Company quickly activated the emergency response plan, established an emergency response team, and carried out the work of containing, adsorbing and cleaning up the leaked substances in an orderly manner. During the drill, it was found that the emergency supplies were damaged and expired, and the Company had taken measures to rectify the situation. This drill improved employees' safety awareness and emergency response capabilities, exposed deficiencies in emergency material management, and provided valuable experience for the Company to further improve its emergency response plans and strengthen emergency management.



Case
Study

Emergency Drill for Adhesive Leakage Accident in Nisco, Jiangsu

On July 26, 2024, Jiangsu Nisco conducted an adhesive leakage emergency drill in a chemical warehouse. The drill simulated a scenario where the warehouse manager discovered an adhesive leakage during the transportation, immediately notified the warehouse manager, and reported it to the emergency command center. The command center quickly activated the emergency response plan, established an emergency response team, and carried out the work of containing, adsorbing, cleaning up and flushing the leaked substances in an orderly manner. The drill went smoothly and the emergency response measures were effective. This drill effectively tested Jiangsu Nisco's ability to respond to chemical leak accidents and tested the feasibility and effectiveness of the emergency plan.



Energy Utilization

Healthcare Co.,Ltd. strictly abides by the Energy Conservation Law of the People's Republic of China, the Circular Economy Promotion Law of the People's Republic of China and other relevant laws and regulations, and actively promotes the efficient use of resources. The Company has established an energy management committee, and each department and workshop has identified management responsibilities to control and implement energy management at all levels. At the same time, the Company collects energy consumption data every month, analyzes the data, conducts a cause analysis for the departments with excessive consumption, and implements rectification measures. To further optimize energy management, the Company uses digital electricity meters to automatically collect power consumption data, and transmits the data to the energy online monitoring platform through a gateway. The platform calculates and analyzes the power consumption situation according to established logical formulas, and gradually improves the management of the entire process of power usage. During the reporting period, the Company carried out Energy Management System training for all employees to enhance their energy-saving awareness.



Energy Online Monitoring Platform

The Company follows a scientific and rigorous process in energy management. Each workshop improves processing efficiency and reduces energy consumption through technological updates and renovations. The Company actively uses cleaner and more efficient energy solutions. For example, the cafeteria has replaced the induction cooker with a gas stove, and the warehouse insulation has been changed from air-conditioning heating to gas heating. The Company also actively invests in the construction and use of solar energy. As of 2024, the installed photovoltaic capacity has reached 2.45 megawatts.



The Company's photovoltaic power generation project

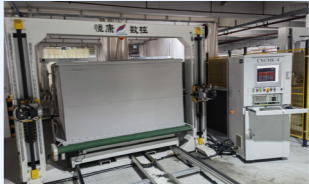
Case
Study

Energy Saving Measures

The Company has introduced CNC special-shaped cutting machines. By combining modern industrial control machine technology and using a motion control card, it can achieve precise control over the movement of the motors on the X, Y, and Z axes. At the same time, it is equipped with advanced servo motor equipment. On the basis of ensuring processing accuracy, it significantly reduces the energy consumption and operating noise of the equipment. On this basis, the CAD programming control system based on the industrial computer works together with the drive servo motor to complete the three-dimensional cutting operation. Through the optimization of the three-dimensional cutting path, it not only effectively suppresses the generation of processing dust, but also further improves the product processing accuracy. This intelligent system integrates mechanical automation and digital control technology to achieve a dual upgrade in processing efficiency and environmental performance.

The Company has built a fully automatic mattress rolling and packaging production line based on the PLC control system. This enables automated operations throughout the entire process, including material feeding, bag sealing, compression, and rolling and packaging. Through the precise regulation of the process connection rhythm by the PLC, the efficient and coordinated operation of the assembly line is ensured. While enhancing the stability of production, it remarkably lessens the workload of manual operation. This effectively averts the risks of fabric contamination and mechanical damage that result from manual contact during the traditional packaging process.

The Company installs frequency converters on electrical equipment with large load fluctuations (such as bagged spring production lines, automatic cutting beds, multi-needle and single-needle machines, and air compressors). By adopting frequency conversion technology, it can effectively solve the losses caused by non-uniform load currents during the operation of the motors and save electricity. According to industry experience, frequency conversion air compressors can save about 15% of electricity compared with fixed frequency air compressors.



CNC special-shaped cutting machine is used



Controlled by PLC



Frequency conversion technology is used

PLC: A programmable logic controller (PLC) is a digital computing electronic system designed specifically for use in industrial environments. It uses a programmable memory to store instructions for performing operations such as logical operations, sequential control, timing, counting, and arithmetic operations internally. It controls various types of mechanical equipment or production processes through digital or analog inputs and outputs.

During the production and operation process, the Company has taken measures such as replacing electric heating with natural gas heating, introducing infrared heating tubes with higher heating efficiency to replace the original stainless steel heating tubes, so as to optimize the composition structure of energy consumption. It has actively carried out technical transformation projects for energy consumption, such as expanding the capacity and application scope of solar power generation, optimizing the lighting system in the workshop, and renovating the gas pipeline in the workshop, and other measures to improve the efficiency of resource use. The Company has also installed energy storage devices. These devices charge during off-peak and normal periods and discharge during peak and super-peak periods. This measure reduces the energy supply risk caused by the intermittency of solar power generation and enhances the flexibility and reliability of the company's energy system. At the same time, it balances the supply and demand of the power grid, provides backup power, reduces the costs of power transmission and distribution, and decreases the overall carbon emissions.

Indicator	Unit	Data for 2024
Comprehensive Energy Consumption	tce	9,956.12
Including: Natural gas	m ³	906,440.71
Diesel	Liter	231,489.50
Gasoline	Liter	66,923.33
Purchased heat	GJ	3,112
Purchased Electricity	kWh	64,555,275.96
Renewable energy (solar power generation)	kWh	2,936,217.10
Total non-renewable energy consumption	tce	9,595.26
Total renewable energy consumption	tce	360.86
Comprehensive energy consumption intensity	tce/ RMB 1 million (revenue)	1.18

Circular Economy

Healthcare Co.,Ltd. upholds the concept of a circular economy. With material management as its cornerstone, it makes great efforts to create green products and implement green office practices. It has established a comprehensive system that encompasses resource utilization, the full life cycle management of products, and green operations. This system effectively lays a solid foundation for the Company's sustainable development.

Packaging materials	Unit	2024
Paper packaging materials	Piece	20,210,168
PE bag	Piece	21,900,938
EPE coiled materials	Kilogram	11,670
EPE sheet materials	Piece	469,700
EPE tubular materials	Meter	119,144
EPS	Piece	290,858
Polyethylene	Ton	31.5
Non-woven fabric bag	Piece	2,370,063
Steel wire package	Piece	22,665
PE film	Kilogram	3,142,174

Standardized Control of Materials

The Company has established a standardized management system covering the entire cycle of material storage, transportation and collection. In the storage link, the Company implements classified labeling and dynamic environmental monitoring. By combining regular inventory checks and quality inspections, it ensures that the accounts match the actual materials. Additionally, it conducts safety inspections, such as fire prevention and moisture prevention, to prevent losses and accident risks. In the transportation link, it formulates route planning and packaging protection standards, selects suitable transportation vehicles, and tracks the logistics status throughout the entire process. At the same time, it establishes an emergency response plan to deal with sudden abnormalities. In the requisition link, based on the process data of the production system, the Company implements a quota material requisition system. Through digital approval and usage verification, it achieves accurate requisition, which effectively avoids the waste and misuse of raw materials. During the packaging and processing of products, the Company attaches great importance to the recycling of packaging materials, avoids excessive packaging, and actively practices the circular economy.

Create Green Products

Healthcare Co.,Ltd. continues to launch green products to meet the market demand for sustainability and healthy living. The Company has obtained CertiPUR-EUR and CertiPUR-US certifications issued by the Flexible Polyurethane Foam Association of the United States. These certifications signify the safety, environmental friendliness, and healthiness of the sponge products, and also minimize the environmental impact during the product manufacturing process. The main fabrics of the Company's products have consecutively received the Oeko-Tex Standard 100 certification for many years. As a globally recognized and most authoritative and influential ecological label for textiles, this certification covers the entire production process of textiles from raw materials to finished products. It rigorously tests substances that are legally prohibited or regulated, as well as substances harmful to the environment or health. The certification results confirm that the Company's products do not incorporate any harmful chemical substances during the production process. As a result, they are able to meet the health and safety requirements of individuals of all ages, including infants. This reflects the Company's firm commitment to health and environmental protection. In addition, the Company's zero-pressure mattresses pass the zero-formaldehyde test conducted by the internationally authoritative organization SGS every year, further demonstrating the Company's commitment to the environmental protection and health performance of its products.



CertiPUR-US Certification



CertiPUR-EUR Certification



Oeko-Tex Standard 100 Certification

Implement Green Office

Healthcare Co.,Ltd. deeply integrates green office practices into its operation and management system, continuously strengthens the low-carbon and environmental protection awareness of all employees, systematically reduces the energy consumption and resource consumption in daily office work, and comprehensively creates an environmentally friendly office ecosystem.

Paper Management

- Healthcare Co.,Ltd. actively applies modern office software, including OA mobile office system, MES system and SAP system, so as to achieve paperless and systematic process and demand flow
- Except for the documents that must be preserved as paper materials or are confidential documents of the company, the Company reduces the use of printing paper
- Single-sided printed documents must be recycled for double-sided use
- Paper clips and other foreign objects are removed during recycling
- Make a clear void mark on the invalid pages to avoid confusion
- Paper with no writing value shall be handled in accordance with the Solid Waste Pollution Control Procedure

Water management

- When using tap water for cooling, flushing the road surface, cleaning, and watering, it is necessary to save water on the premise of ensuring the desired effect
- For the water usage in the canteen, it requires to arrange a reasonable cleaning process and pay attention to water conservation while ensuring the cleaning effect
- When employees get drinking water, they should pour it according to their personal needs
- High-efficiency energy-saving toilets with Grade 1 energy efficiency is used. Siphon water discharge outlets and dual-button flushing technology are adopted, which can effectively reduce the water consumption per flush
- The intelligent sensor urinal can accurately control the amount of water each flush, so as to avoid the unstable water consumption caused by manual pressing
- Copper core faucets are installed to avoid water leakage caused by rust of iron core faucets

Other Management

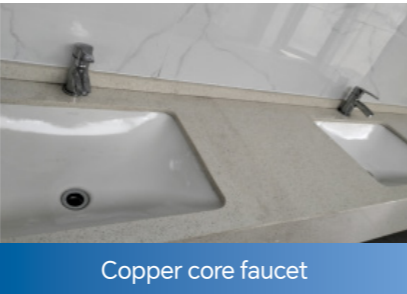
- The design of a large open-plan office layout is adopted, enabling centralized office work. This not only enhances teamwork but also reduces the need to turn on office lighting and air conditioners
- The Company fully adopts LED energy-saving lamps, which are about 10 times brighter than ordinary incandescent lamps and save more than 80% of energy consumption
- The Company strengthens the greening construction of the factory area and build a green isolation belt of a certain width to reduce the impact of exhaust gas and noise on the surrounding environment
- The Company has opened special commuting routes for employees to and from work, solving their commuting problems and encouraging them to travel in a low-carbon way. Additionally, the company has installed charging piles in its parking lot to encourage employees to use new energy vehicles



Modern office software



Dormitory Office



Copper core faucet

Pollutant Emissions

Wastewater Management

Wastewater Management

Healthcare Co.,Ltd. strictly complies with the Law of the People’s Republic of China on the Prevention and Control of Water Pollution. The Company mainly uses domestic water and only generates domestic sewage. There is no process wastewater generated during the production process. To effectively manage the discharge of domestic sewage, the company has formulated the Wastewater Discharge Control Management Procedure. It has clearly defined the responsibilities of each department and established corresponding sewage treatment processes to ensure that the wastewater discharged complies with environmental protection standards. In the process of sewage treatment, the Company adheres to the principles of “separation of clean water and sewage, and separation of rainwater and sewage”. By regularly cleaning the grease traps and septic tanks, it controls the total amount of domestic sewage and ensures that the domestic wastewater is discharged up to the standard. The Company entrusts a qualified third-party organization to test the wastewater every six months. In 2024, the Company’s factory achieved compliance with domestic wastewater discharge standards.

Waste Gas Management

Healthcare Co.,Ltd. complies with the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations, and is committed to reducing waste gas emissions during the production process. The Company has formulated the Waste Gas Emission Control Management Procedure to clarify the responsibilities of each department. The Company has adopted a series of strict waste gas treatment measures to ensure that volatile waste gases in the production process are effectively controlled. During the foaming pre-curing stage, the Company uses the air extraction system on the top of the oven to extract the volatile foaming waste gas to the activated carbon adsorption and steam desorption device for treatment with a collection rate of 98%. After the waste gas is treated to meet the standards, it is discharged through a 15-meter-high exhaust stack. At the same time, the Company installed electricity monitoring devices in the distribution boxes of the foaming machine and the waste gas treatment device, and connected them to the Environmental Protection Bureau’s monitoring system to ensure that when the production equipment is turned on, the waste gas treatment equipment runs synchronously. To ensure the long-term and stable effectiveness of waste gas treatment, the Company adheres to replacing a sufficient amount of activated carbon once a year to maintain its adsorption efficiency. In accordance with the requirements of the pollutant discharge permit, the Company also entrusts a qualified third-party organization to conduct waste gas environmental testing every six months to ensure that waste gas emissions meet environmental protection standards. In 2024, the exhaust gas in the Company’s factory met emission standards.

2024 Environmental long-term goals



Wastewater discharge meets standards



Exhaust gas meets emission standards

Types of pollutants		Total emissions in 2024
Waste Gas Emissions		388,338,368 cubic meters
Waste Gas Emission Intensity		45,960.54 Cubic meters/million yuan in revenue
Industrial waste gas	Nitrogen oxide (NOx)	0.01 tons
	Sulfur dioxide	0.21 tons
	Volatile Organic Compound (VOC)	0.08 tons
	Particulate matter (PM)	0.69 tons
	Non-methane hydrocarbons	0.70 tons

(Statistical scope:the parent company of Healthcare Co.,Ltd., Nisco, Deeplant New Material, overseas production bases. Among them, the exhaust gas emission intensity per million yuan of revenue refers to the operating revenue in the consolidated financial statements of the Company for the year 2024.)

Noise Management

The Company attaches great importance to noise control work. To effectively manage noise emissions, the company has formulated institutional documents such as the Noise Control Management Procedure. By giving priority to the selection of low-noise equipment, adjusting the layout of the workshop, and implementing comprehensive noise reduction measures including sound insulation, sound absorption, and vibration damping, the Company ensures that the noise emissions at the factory boundary continuously comply with the national standards for industrial enterprises. The Company’s Safety and Environmental Protection Department is responsible for annual outsourced testing management to ensure that noise emissions meet national standards. The Production Department proposes reasonable prevention and control requirements for noise pollution and supervises their implementation to ensure prevention and control effects. The Equipment Department, on the other hand, is responsible for the daily maintenance of mechanical equipment to reduce the generation of noise. According to the Class 2 standard in the GB 12348-2008 Emission Standard of Environmental Noise from Boundary of Industrial Enterprises, the Company stipulates that the limit of noise emissions at the factory boundary shall not exceed 60dB(A) during the daytime and 50dB(A) at night. In 2024, the Company’s factory area achieved compliant noise emissions.

01

The workshop ventilation system uses low-noise fans and high-efficiency silencers, and strictly regulates the direction of the exhaust vents to avoid pointing at environmentally sensitive areas.

02

In response to mechanical vibration noise, a combination of steel springs, rubber vibration reduction materials and vibration reduction grooves are used to reduce the intensity of the noise source while extending the service life of the equipment.

03

We strengthen equipment maintenance to ensure normal operation of equipment and avoid high noise.

04

At the same time, tall evergreen trees are planted at the factory boundary to form a three-dimensional noise reduction barrier.

Noise Prevention Measures in the Company

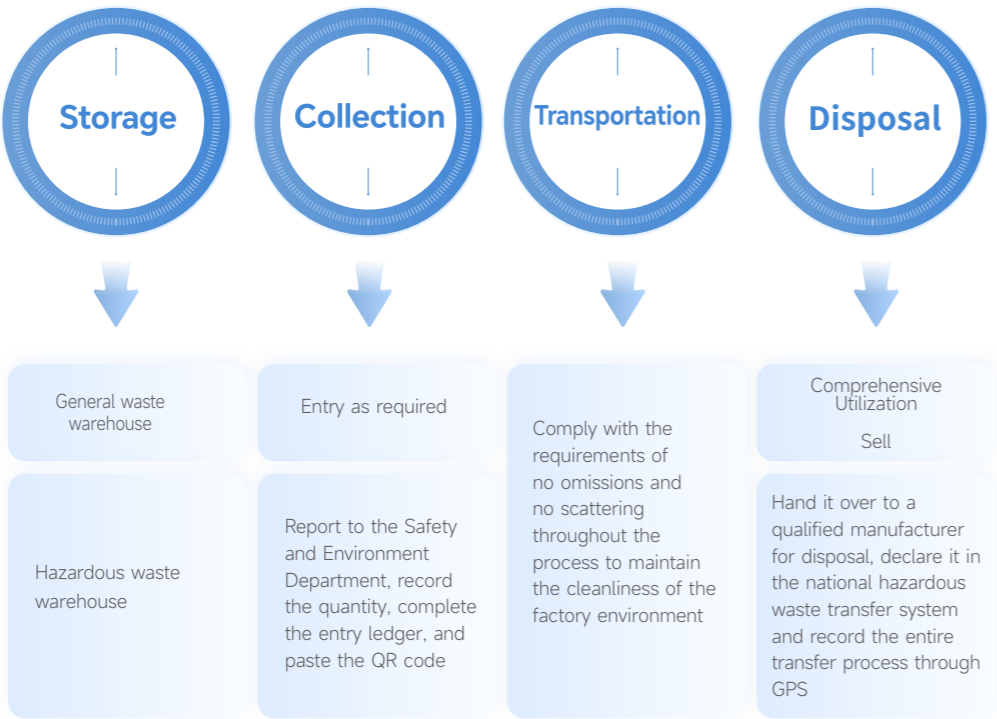
Waste Disposal

2024 Environmental long-term goals

✓ Solid waste classification, collection and disposal rat

100%

Healthcare Co.,Ltd. complies with the requirements of the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes, formulates the Solid Waste Management Procedure system, conducts full-process management of waste, and performs waste storage, collection, transportation and disposal in accordance with laws and regulations. In order to achieve compliance with waste treatment regulations, the Company divides waste into general waste and hazardous waste and makes the following clear regulations on management:



Water Resource Utilization

Healthcare Co.,Ltd. aims to improve the utilization efficiency of water resources and actively implements the concept of sustainable development. The water resources used by the company mainly come from municipal water supply. The Company has implemented a number of water-saving measures to enhance the utilization efficiency of water resources. In terms of equipment cooling, the Company has adopted a circulating water tower. By recycling water, it has reduced water consumption. At the same time, the Company has changed the cooling method of the air compressor from water cooling to air cooling. This change not only effectively reduces the consumption of water resources, but also reduces the waste caused by dripping during the process. As a result, it further enhances the utilization efficiency of water resources.

During the Reporting Period

The Company's municipal water purchase volume was **339,334.85** m³, and the water consumption intensity was **40.16** Cubic meters/million yuan in revenue

Ecosystem and Biodiversity Protection

The Company has always incorporated biodiversity protection into the strategic framework of sustainable development. It strictly complies with laws and regulations such as the Law of the People's Republic of China on the Protection of Wildlife and the Regulations of the People's Republic of China on Nature Reserves. The Company ensures that in all aspects of its production and operation, it will not have any negative impact on the protection of ecosystems and biodiversity.

During the Reporting Period

The total amount of non-hazardous waste generated by the Company is **9,773** tons, and the intensity of non-hazardous waste generation is **1.16** ton(s) per million yuan of revenue. The total amount of hazardous waste generated is **226.88** tons, and the intensity of hazardous waste generation is **0.03** ton(s) per million yuan of revenue. the compliance disposal rate of waste is **100%**.

(Statistical scope: the parent company of Healthcare Co.,Ltd., Jiangsu Nisco, Deeplant New Material and overseas production bases. Among them, the waste generation amount intensity per million yuan of revenue refers to the operating revenue in the consolidated financial statements of the Company for the year 2024.)



02

Hundreds of Artisans Meticulously Craft a Smart Way to Ensure You Enjoy a Better Night's Sleep

● Product and Service Safety and Quality	39
● Innovation-driven Initiative	45
● Supply Chain Security	51
● Protection of Employees' Rights and Interests	55
● Contribution to Society	67
● Rural Revitalization	72



Product and Service Safety and Quality

Product and Service Safety and Quality Governance

Healthcare Co.,Ltd. has always maintained a rigorous and responsible attitude to provide customers with high-quality, safe and reliable home products. To this end, the Company has established a full-process quality management system covering raw material procurement, production and processing, finished product acceptance and entry, and factory inspection to ensure product quality in all aspects. The advanced Potential Failure Mode and Effects Analysis (FMEA) method is introduced during the product research and development stage. Through a systematic evaluation of the product design and manufacturing processes, potential quality risks are proactively identified, and preventive control measures are implemented. At the same time, the Company has established strict product and semi-finished product testing standards and keeps detailed records of the testing process to ensure that the quality of each production link is controllable, so as to improve product quality and reliability. As of the end of the reporting period, the Company and its subsidiary Jiangsu Nisco have passed the ISO 9001 quality management system.



Healthcare Co.,Ltd. Quality Management System Certification



Jiangsu Nisco High Quality Management System Certification

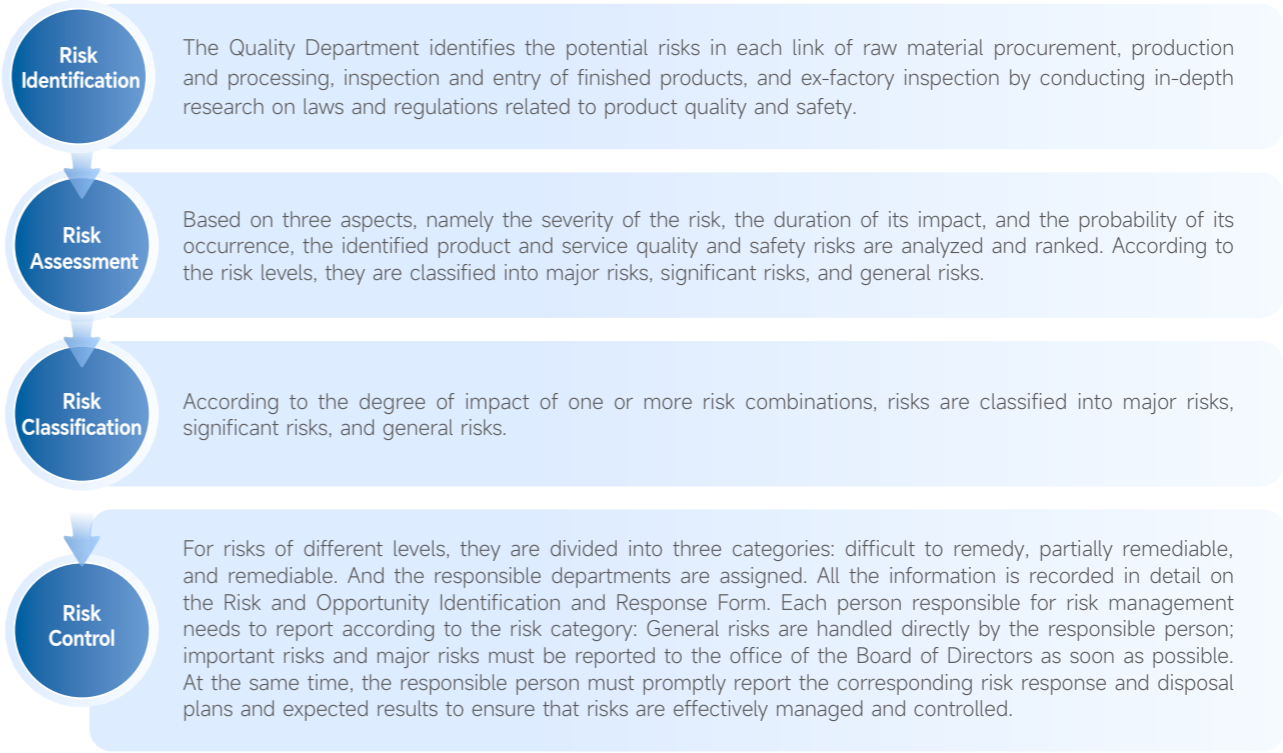
Product and Service Safety and Quality Strategy

Risk Type	Risk Description	Probability of Occurrence	Impact Magnitude	Impact Time frame	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Product quality risk	Factors such as raw material defects, insufficient design verification, deviations in process parameters, or improper storage and transportation may cause issues with the product, such as unstable structure, dimensional deviations, and appearance flaws. These issues can lead to customer complaints, return requests, and claims for compensation, resulting in direct economic losses.	Low	Large	Short- and medium-term	Upstream, Operations	Medium	Decreased operating income	We strictly comply with the quality management system covering raw material procurement, production and processing, inspection and entry of finished products, and ex-factory inspection to comprehensively control product quality.
Company Reputation Risk	The Company's reputation may be damaged due to reasons such as product quality defects, service issues, or negative news.	Low	Large	Medium- and long-term	Downstream	Low	Decreased operating income	Implement a risk management and control system for the entire product manufacturing life cycle; improve after-sales management to promptly meet customer needs; establish a sound crisis public relations mechanism to respond to and handle negative news in a timely manner.

Opportunity Type	Description	Probability of Occurrence	Impact Magnitude	Impact Time frame	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Technology opportunities	The emergency of new technologies, new materials and new processes provides enterprises with technical support for improving the safety and quality levels of products. Enterprises can enhance their market competitiveness by developing safer, more efficient and more environmentally friendly products through technological innovation.	High	Large	Medium- and long-term	Operations, downstream	High	Improve bargaining power and gross profit margin	Accurately promote product updates and iterations, and actively explore the application of new technologies, new equipment and new processes to maintain the competitiveness and innovation of products.
Market Opportunities	With economic development and improvement of consumers' living standards, consumers' requirements for the quality of products and services are increasing. This demand trend provides the Company with opportunities to upgrade product safety and quality, and enhance brand image and market share.	High	Large	Medium- and long-term	Operations, downstream	High	Increase operating revenue, enhance bargaining power, and raise the gross profit margin	Conduct in-depth research on emerging markets, adjust products according to market demand, cooperate with local distributors and e-commerce platforms to expand sales channels, and carry out personalized marketing to enhance brand awareness;Increase investment in the R&D of high-end products, introduce advanced technology materials, expand customized services, strengthen the brand's high-end image, provide immersive experience and professional sleep advice through experience stores, and meet the needs of consumer upgrades.

Impact, Risk and Opportunity Management

In order to ensure the quality and safety of the Company's products and services, the Company has established a management process covering key links such as risk identification, assessment, classification, and control.



Metrics and Targets

Healthcare Co.,Ltd. takes "zero occurrence of major product quality and safety accidents" as the core objective of quality management, constructs a full-process quality assurance system, and is committed to providing customers with safe, reliable, and high-quality products, so as to win the trust and good reputation of the market. In 2024, the Company had no major product quality and safety accidents and achieved its product quality goals.

During the Reporting Period

The qualified rate of Jiangsu Nisco products is **98.84%**, the qualified rate of Nisco (Thailand) products is **98.92%**, and the qualified rate of Healthcare Co.,Ltd. and other overseas factories' products is **99.61%**. The Company does not have any products that need to be withdrawn or recalled due to health and safety reasons.

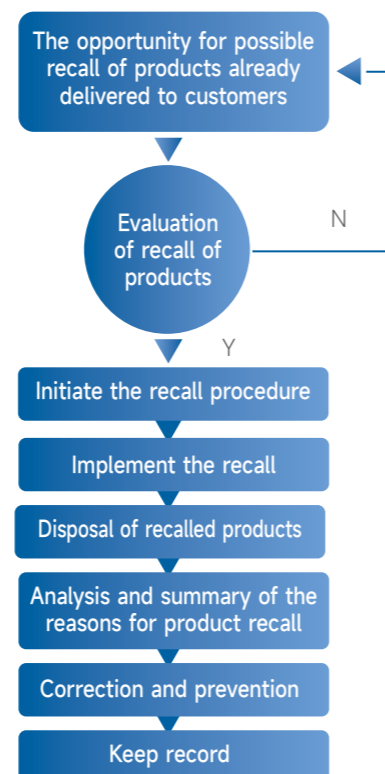
Quality Control Strategies

Whole-Life-Cycle Management

Taking quality as the core, the Company has established a risk management system that encompasses the entire product life cycle. It places emphasis on two crucial core aspects: the design and development stage as well as the production and manufacturing stage. During the design and development phase, a strict design input and output review mechanism is used to ensure a precise match between product function, safety and quality standards. During the manufacturing stage, the Company implements three levels of quality control: strictly control the quality of raw materials through incoming material inspection, strengthen process monitoring by performing first-piece inspection and production process inspection, and conduct full inspection before the entry of finished products to ensure the final quality. This systematic management and control model effectively ensures the controllability of product quality throughout the entire process from design to manufacturing.

Product Recall Procedures

The Company has formulated a Product Recall Procedure, which covers the recall product evaluation, initiation of the recall procedure, implementation of the recall, recalled product processing, product recall cause analysis and summary, correction and prevention, record keeping and other links. Through this process, the Company is able to respond quickly to product issues, protect consumer rights, maintain the Company's reputation, and promote continuous improvement of product quality. The Company had no product recall incidents in 2024.



Quality Training and Activities

The Company comprehensively promotes the construction of quality culture. The Quality Department regularly conducts internal training, deeply analyzes the core elements and key links of quality management, and ensures that all department staff are proficient in the necessary quality knowledge and management skills. At the same time, the Company's business school has tailored training courses for the 2024 management trainees to meet their growth needs and cultivate their quality management awareness. The Company encourages full employee participation in quality management. It motivates employees to actively spot quality problems during their daily work, propose improvement suggestions, and collectively contribute to the enterprise's high-quality development.

During the Reporting Period

The Company organized a total of **21** quality management training sessions. A total of **541** employees participated in these sessions, and the total training duration amounted to **481** hours.

Case Study

Product Quality Training

In order to enhance the product knowledge and professional capabilities of the 24th batch of management trainees, the Company has carried out special product quality training for management trainees. The training content focuses on the overview of the home furnishing industry, the Company's core product lines, and comparative analysis of different mattress materials. Through systematic explanations, it helps newcomers quickly build a product knowledge framework and improve market business adaptability.



Case Study

Product Quality Training

In 2024, the Company's Quality Department carried out regular special training sessions centered around the product quality management system. The training content covered core sections such as quality sampling standards, non-conforming product control procedures, the understanding of quality definition and value, basic knowledge of goods inspection, and the eight common misunderstandings about quality. Through the systematic output of knowledge, it aimed to enhance employees' professional capabilities and solidify the foundation of quality control.



Protection of Customers' Rights and Interests

Customer Service and After-Sales Management

Healthcare Co.,Ltd. strictly abides by the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests. It has formulated the Customer Complaints, Returns and After-sales Management Procedures management document. This document has been fully implemented in every service link. During the customer consultation stage, the Company provides customers with professional consultation and personalized recommendations to ensure that customers clearly understand the product features and select the most suitable products. During the customer's purchasing process, the Company maintains close communication with customers to ensure a smooth purchasing experience and that the products can be accurately and quickly delivered to the customers. During the customer's usage process, the Company has established a sound after-sales service system. Through the first inquiry responsibility system and the dedicated person responsibility system, it provides fast and professional solutions to ensure customer satisfaction. In addition, the Company has established a membership ecosystem to provide customized services to members, meet customer needs in a differentiated manner, and enhance the emotional connection between customers and the brand.

Step	Operation Description
Customer complaint channels	Customers can make complaints through various channels including telephone, offline stores, and online platforms.
Record the content of complaints	After-sales staff shall register complaints of different contents from various channels accordingly and feedback to the responsible departments.
Determine complaint information	Complaints will be reviewed for validity and accepted after confirmation that the information is correct. If they do not meet the acceptance criteria, the specific reasons will be explained to the customer in a timely manner.
Handle complaints quickly	In response to customer complaints, the responsible department will formulate solutions and properly handle related issues.
Response to customer feedback	The after-sales staff communicate and negotiate with the customer about the solution. If the customer is not satisfied, the matter will be escalated for handling.
Completion of customer follow-up visit	After the problem is resolved, the customer will evaluate and provide feedback on the handling result.

While attaching great importance to the timeliness of handling customer complaints, the Company also keeps a close eye on tracking the improvement outcomes and drawing lessons from past experiences. It makes sure to learn from and make improvements based on each complaint, promptly meet customers' needs, enhance the quality of its services, fully protect customers' rights and interests, and win customers' trust and recognition with high-quality services.

Customer Satisfaction

Healthcare Co.,Ltd. conducts customer satisfaction surveys every year. During the reporting period, the Company conducted satisfaction surveys on domestic and foreign customers through email distribution and follow-up visits. To ensure the accuracy and validity of the survey results, the Company developed a standardized customer satisfaction survey form and conducted in-depth statistical analysis on the collected data. To further optimize the customer experience, the Company has also incorporated customer satisfaction into its monthly assessment system, which is directly linked to employees' performance coefficients. In this way, it aims to motivate employees to continuously improve the quality of their services.

During the Reporting Period

The average global customer satisfaction rate of Jiangsu Nisco and Nisco (Thailand) is **98%**, while the average global customer satisfaction rate of Healthcare Co.,Ltd. and its other overseas factories is **92.50%**.

Responsible Marketing

Healthcare Co.,Ltd. strictly abides by the Advertising Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations, effectively identifies, evaluates, prevents and responds to various legal risks, ensures that all the Company's advertising activities are true and legal, do not contain false content, and do not mislead consumers. At the same time, it resolutely resists all unfair competition and maintains a fair market competition environment. During the reporting period, the Company did not engage in any behavior that damaged the legitimate rights and interests of other operators or disrupted the market order.

Data Security and Customer Privacy Protection

Healthcare Co.,Ltd. strictly abides by the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China and other laws and regulations. Aiming for zero occurrence of data security incidents and customer privacy breaches, it spares no effort to enhance its capabilities in information security and customer privacy protection. It builds an information security system from three aspects: institutional construction, security control, and emergency management. In the future, the company will comprehensively strengthen its data security protection system through measures such as upgrading the data storage architecture, increasing the vulnerability repair rate, enhancing cooperation with third-party services, implementing encryption of sensitive data, updating anti-virus software, and configuring the linkage between situational awareness and security devices.

During the Reporting Period

The Company conducted a data security drill once, with **556** participants. The Company did not have any data security or customer privacy leakage incidents.

01 System development

The Company formulates rules and regulations such as the Information Security Training System, Information System Data Management System, Data Access Control Management System, and Information System Data Backup System.

02 Security Control

The Company applies data access control, data encryption, data backup and recovery, security configuration management, backup and recovery plan and other related measures to strengthen data security;The Company provides security awareness training to employees to improve the Company's overall data security protection level.

03 Emergency Management

A Data Information Security Emergency Plan has been formulated and data security drills were organized. The emergency plan covers a full range of measures from incident response to subsequent improvements to effectively deal with data security incidents.

Case Study

Cybersecurity Training

In September 2024, on the occasion of the National Cyber Security Awareness Week, the Company actively responded to the national call and specially invited Internet police experts to conduct a cyber security themed training for the Company's employees. During the training, experts from the cyber police force explained in detail important contents such as potential network security hazards, common fraud methods and prevention measures. By analyzing common network security issues through real-life cases, employees gained a deeper understanding and comprehension of network security. This training effectively enhanced the employees' awareness of network security.



Innovation-driven Initiative

Innovation-driven Governance

Healthcare Co.,Ltd. has always regarded R&D and innovation as the core driving force for high-quality development. It focuses on the coordinated development of market demand and independent technologies, continuously leads the technological innovation in the furniture industry, and provides a solid guarantee for strengthening its market competitiveness. The Company has formulated management systems such as the R&D Organization Management System, Engineering Technology Research Center Management Charter, and R&D Investment Accounting Rules and Regulations to normalize the Company's scientific research management work and continuously improve the Company's scientific research management level. The Company's Engineering and Technology Department is responsible for the Company's technological research and development work. The Engineering and Technology Research Center adopts a system of director overall responsibility and technical guidance and supervision. The center has a general office, a financial office and various research center branches.

In order to strengthen the cultivation of innovative talents, the Company has formulated internal systems such as the Science and Technology Talent Introduction Management System and the Science and Technology Personnel Training Management System. In terms of the introduction of scientific and technological talents, the Company recruits openly from the whole society, considering professional background and work experience. It sources talent through various channels, such as cooperation with universities and research institutes, internal employee recommendations, social recruitment and online recruitment. At the same time, the Company also attaches great importance to the training of scientific and technical personnel. The Human Resources Center is responsible for formulating and implementing the training plan. Through training, it aims to improve the application level of the knowledge and skills of scientific and technical personnel, so as to meet the needs of the Company's scientific and technological innovation and development. With these initiatives, the Company is committed to establishing a systematic and standardized talent introduction and training system to ensure the continuous supply of scientific and technological talents and the continuous improvement of their capabilities, thereby promoting the Company's technological innovation and development.

During the Reporting Period

The Company and its subsidiaries have **2** national high-tech enterprises, **1** specialized and sophisticated enterprise, and **2** provincially certified enterprise technology centers.

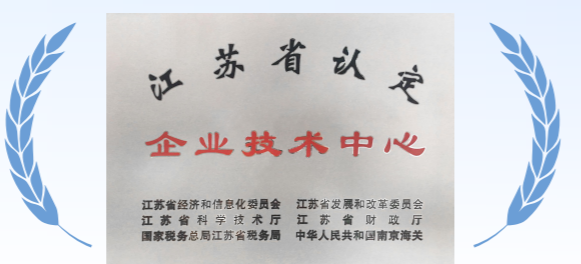
Healthcare Co.,Ltd. High-tech Enterprise Certificate



Jiangsu Nisco High-tech Enterprise Certificate



Provincial Recognized Enterprise Technology Center



Innovation-driven Strategy

Risk Type	Risk Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Technology Investment Risk	The R&D of new technologies faces technical challenges such as key technological breakthroughs and knowledge acquisition, which may lead to delays in R&D progress, cost overruns or project failure.	Low	Medium	Short- and medium-term	Operations	Medium	Increased operating costs	The Company has increased its investment in technological research and development, established a professional team, and carried out industry-university-research cooperation to enhance its ability to make technological breakthroughs and the overall utilization efficiency of resources.
Technical Testing Risk	Innovative technologies that have not been fully tested and verified are prone to poor stability and insufficient reliability in practical applications, which will affect the progress of projects and the implementation of results.	Low	Medium	Short- and medium-term	Operations	Medium	Increased operating costs	Improve the testing and verification system, conduct multi-scenario tests, and strengthen process optimization and quality traceability.
Intellectual Property Risks	The designs of personalized and intelligent furniture are easily imitated. If an enterprise fails to provide effective protection for its intellectual property rights, it may suffer from infringement, which will dampen its enthusiasm for innovation.	Low	Medium	Short- and medium-term	Operations	Medium	Increased operating costs	Strengthen intellectual property management, apply for patents in a timely manner, optimize patent layout, and strengthen protection and rights protection.

Opportunity Type	Opportunity Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Market Opportunities	Through technological innovation, enterprises can develop core technologies with independent intellectual property rights, thereby expanding product functions and application scenarios and enhancing product market competitiveness.	Medium	Large	Medium- and long-term	Operations, downstream	Medium	Increase in operating revenue	Accelerate technology R&D and optimize technology reserves;Develop core technology patents to form technical barriers;Create innovative application scenarios and promote the demonstration application and market promotion of new technologies and products.
Brand Opportunities	Continuous technological innovation helps companies establish a good brand image, enhance brand competitiveness and increase corporate market visibility.	Medium	Large	Medium- and long-term	Operations, downstream	Medium	Increase in operating revenue	Focus on core technology innovation and increase product added value;Leverage digital platforms to strengthen brand positioning;Strengthen intellectual property protection and maintain brand value.

Impact, Risk and Opportunity Management

Healthcare Co.,Ltd. has gradually established a risk management system covering the entire cycle of R&D and innovation, running through core technology areas. Through systematic risk identification, quantitative assessment, dynamic control and closed-loop monitoring, it effectively manages potential risks such as technological breakthroughs and market transformation, and grasps the key links of product innovation and application.



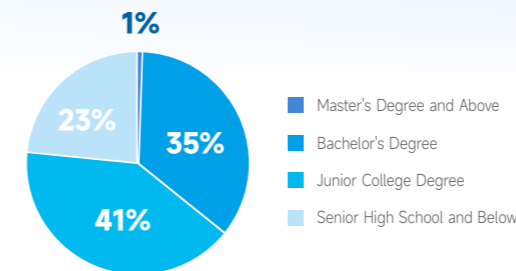
Metrics and Targets

Healthcare Co.,Ltd. has set up strategic R&D goals and is committed to developing high-quality home products. In the past few years, the Company has won market recognition and customer trust with its excellent quality and innovative design, which lays a solid foundation for development. Looking ahead, the Company will continue to innovate, expand its market, and create a zero-pressure home living experience for customers.

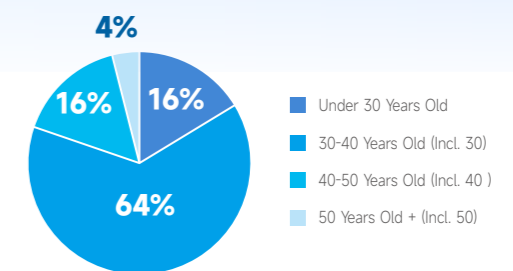


During the Reporting Period

The Company's R&D investment is RMB **141.5059** million and R&D investment accounts for **1.67%** of the Operating Income; The R&D team of the parent company of Healthcare Co.,Ltd.and Nisco has **380** people.



The Structure of R&D Personnel (By Educational Background)



The Structure of R&D Personnel (By Age)

Innovation Incentive Mechanism

In the process of promoting sustainable development and achieving long-term value creation, Healthcare Co.,Ltd. deeply understands the importance of innovation and talent. In order to stimulate employees' innovative potential and promote technological breakthroughs and business growth, the Company has formulated and implemented the System for the Organizational Implementation, Incentives and Rewards of Scientific and Technological Achievements Transformation and the Performance Appraisal and Reward System for Scientific and Technological Personnel. The Company clarifies the definition, scope of application, division of responsibilities, and specific organizational implementation procedures of the transformation of scientific and technological achievements. By focusing on the performance appraisal and reward mechanisms for scientific and technological personnel, it effectively promotes the transformation and application of scientific and technological achievements and stimulates the enthusiasm of scientific research personnel.

Industry-University-Research Cooperation

Healthcare Co.,Ltd. continues to deepen the collaborative innovation between industry, academia and research, formulates the Industry-University-Research Cooperation Management System, improves the school-enterprise cooperation mechanism, and enhances the results transformation capabilities of the Company's Engineering and Technology Research Center. The Company has established an open innovation and entrepreneurship platform, integrating internal research and development resources to fully stimulate the innovation vitality of all employees. At the same time, it strengthens strategic cooperation with universities and relevant partners, and jointly builds an innovation consortium to promote the efficient integration and sharing of elements such as technology and talents. This lays a solid foundation for the company's technological upgrading and sustainable development.

Case Study

Industry-Academia Integration to Achieve Win-win Outcome between School and Enterprise

On May 30, 2024, a delegation from Nantong University visited Healthcare Co.,Ltd. and launched a special campaign titled "visiting enterprises, expanding jobs and promoting employment". Through the discussion, both the school and the enterprise expressed that they will take this action as an opportunity to deepen school-enterprise cooperation, effectively promote high-quality employment of graduates, give full play to the respective advantages and resources of enterprises and schools, cultivate high-quality talents, and jointly explore and implement school-enterprise cooperation models to solve student employment problems.



During the Reporting Period

Three industry-university-research cooperation projects have been carried out, and cooperation agreements have been signed with two institutions of higher learning.

Contributing to Industry Development

Healthcare Co.,Ltd. adheres to the concept of shared and win-win cooperation and exchange, deeply participates in the construction of a collaborative innovation ecosystem in the home furnishing industry. Through diverse cooperation models and innovative initiatives, the company promotes technological innovation and the standardization process within the industry.

Case Study

A new product launch conference for the youth series titled "Caring for Children: Don't Sleep on a Hard Bed" was held

On April 19, 2024, the 83rd China Educational Equipment Exhibition was held in Chongqing. MLILY held a new product launch conference for youth zero-pressure sleep with the theme of "Caring for Children: Don't Sleep on a Hard Bed". The theme focused on the sleep difficulties commonly faced by young people today. Through patented technology and AI smart sleep monitoring, it helps young people enjoy high-quality sleep and safeguards their healthy growth.



Healthcare Co.,Ltd. Participated in the 83rd China Educational Equipment Exhibition

Case Study

Healthcare Co.,Ltd. Participated in the 54th China (Shanghai) International Furniture Fair

From September 11 to 14, 2024, the 54th China (Shanghai) International Furniture Fair was held at the Shanghai Hongqiao National Convention and Exhibition Center. MLILY showcased its sleep products such as zero-pressure pillows, zero-pressure mattresses, and zero-pressure smart beds, presenting visitors with a multi-faceted zero-pressure living scenario.



Healthcare Co.,Ltd. Participated in the 54th China (Shanghai) International Furniture Fair

Case Study

Healthcare Co.,Ltd. Participated in the 7th China International Import Expo

From November 5 to 10, 2024, the 7th China International Import Expo was held in Shanghai. MLILY brought its domestic and overseas series of products to the consumer goods exhibition area, displaying the latest smart bed products and a series of mattresses imported from Europe and the United States, demonstrating its innovative strength in improving sleep quality and its influence and brand charm in the global home furnishing market.



Healthcare Co.,Ltd. Participated in the 7th China International Import Expo

The Company continues to make breakthroughs in technological innovation and standard leadership. The Company's research center has been recognized as the Jiangsu Space Memory Foam Engineering and Technology Research Center by the Department of Science and Technology of Jiangsu Province and the Department of Finance of Jiangsu Province, and as the Jiangsu Memory Foam Engineering Research Center by the Jiangsu Provincial Development and Reform Commission. It has successively participated in the drafting and evaluation of a number of international, national, industrial and group standards, covering key fields such as furniture testing methods and polyurethane foam plastics. In 2024, the Company was awarded the title of "Leader" in the digital transformation of China's light industry, and its own brand "MLILY 梦百合" was awarded the "Jiangsu Province Highly Recognized Trademark" certificate.

During the Reporting Period

The Company has compiled / revised 1 national standard.

Healthcare Co.,Ltd.'s membership in industry associations and chambers of commerce

S/N	Industry name and job level	Class of Position
1	China Chamber of Commerce for Import & Export of Light Industrial Handicrafts	Part-time Vice President Unit
2	China National Furniture Association	Executive Director Unit
3	Polyurethane Products Professional Committee of China Plastics Processing Industry Association	Executive Director Unit
4	All-China Furniture and Decoration Industry Chamber of Commerce	Vice President Unit
5	Jiangsu Furniture Industry Association, Jiangsu Furniture Decoration Industry Chamber of Commerce	Executive Vice President Unit
6	Nantong Home Furnishing Industry Chamber of Commerce	Vice President Unit
7	Shenzhen Furniture Industry Association	Governing Unit
8	China Home Textile Industry Association	Governing Unit
9	China Chamber of Commerce for Import & Export of Textiles	Governing Unit
10	China Polyurethane Industry Association	Member
11	ISPA International Sleep Products Association	Member
12	China Industrial Textiles Association	Member
13	Rugao Entrepreneurs Association	Member
14	Chinese Sleep Research Society	Member
15	Jiangsu Educational Equipment Industry Association	Member
16	China Chamber of International Commerce	Member

Intellectual Property Protection

Healthcare Co.,Ltd. attaches great importance to the standardized management of intellectual property rights. It strictly abides by relevant laws and regulations such as the Patent Law of the People's Republic of China and the Trademark Law of the People's Republic of China. In combination with the Company's specific situation, it has formulated internal systems such as the Intellectual Property Management System and the Patent Management System, and established and improved the intellectual property management system. Through means such as patent applications, legal trademark registrations, and software copyright registrations, it enhances the protection of its independent intellectual property rights.

Case Study

Intellectual Property Training

On November 21, 2024, the Company participated in the Training on Patent Navigation Practice in 2024 and Replacement and Upgrade of Enterprises with Qualified Performance Evaluation of Implementing the Intellectual Property Management System Standard organized by the Nantong Intellectual Property Office. Through this training, the Nantong Intellectual Property Office provided systematic guidance to the enterprise.

This assistance enabled the enterprise to enhance its intellectual property management capabilities and also played a role in promoting the high-quality development of intellectual property within the region.



During the Reporting Period

The cumulative number of authorized patents reaches **297**, including **48** invention patents, **108** utility model patents, and **141** design patents.

Science and Technology Ethics

Healthcare Co.,Ltd. has always adhered to the development concept of using technology for good and strictly followed the ethical standards of science and technology. The Company focuses on the research, development, production and sales of memory foam mattresses, memory foam pillows, sofas, electric beds and other household products. During the reporting period, the main business did not involve sensitive areas of scientific and technological ethics such as life sciences and genetic engineering.

Supply Chain Security

Supply Chain Security Governance

Healthcare Co.,Ltd. continues to advance the strategic layout of "global production capacity and international brand" and establish and improve the supply chain management system. The Company has formulated systems such as the Supplier Management Measures, Procurement Management Operation Measures, Procurement Price Management Operation Measures, and Procurement Payment and Invoice Management System. It has established a full-life cycle management system covering supplier access assessment, cooperation management, dynamic assessment, and exit mechanisms. By standardizing the application of the performance assessment results of suppliers, it is ensured that the assessment results can provide targeted rectification suggestions for suppliers, motivate suppliers to continuously optimize supply chain management, and achieve a coordinated improvement in the overall competitiveness of the supply chain.

Supplier Entry

The Company expands supplier resources through channels such as industry exhibitions and market research according to the annual development plan. The Procurement Department conducts preliminary screening based on key indicators such as scale strength and qualification duration, and carries out on-site or online due diligence investigations to form supplier files that include evaluation reports, qualification documents, and other relevant information. The Procurement Department completes the information entry into the SRM/SAP system and establishes the master data of suppliers after being approved through the OA system.

By implementing the annual purchase and sales contract signing model, a four-dimensional evaluation system of "quality, delivery, cost, and service" is established, and performance evaluations are carried out on a quarterly basis. The annual on-site audit plan is promoted simultaneously, and a cross-departmental audit team will conduct on-site verification and issue a rectification report. The rectification results will be archived after being confirmed by the joint signature.

Supplier Assessment

Supplier Exit

Establish three-level exit criteria: 1) Those with major violations will be included in the blacklist and permanently prohibited from entry; 2) If the KPI is rated at level C for three consecutive times, the last-ranked elimination mechanism will be initiated; 3) Cooperation will be terminated when the product life cycle ends and there is no business match. All exit decisions are recorded and executed through the SRM system.

Equal Treatment of Small and Medium-Sized Enterprises

Healthcare Co.,Ltd. strictly abides by relevant laws and regulations and establishes a fair and transparent cooperation mechanism. In 2024, the Company ensured the timely and full settlement of payables to small and medium-sized partner enterprises, maintaining strong cooperative relationships, upholding financial responsibility, and practicing sound asset management to ensure equal treatment of all partners.

Supply Chain Security Strategy

Risk Type	Risk Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Raw material price risk	Affected by factors such as market supply and demand relationships, climate, and policy adjustments, if there are significant fluctuations in raw material prices, it may increase the Company's production and operation costs and compress the profit margin.	Low	Large	Short- and medium-term	Procurement, production	High	Increased purchasing costs and operating costs	We will negotiate with suppliers to formulate market pricing rules, clarify the basis for price adjustments, regularly query and analyze market conditions and report them, and ensure that price adjustments are timely and reasonable.
Transportation cost risk	Affected by factors such as climate, transportation distance, transportation mode, and business mode, it may lead to a decrease in transportation efficiency, an extension of the warehousing cycle, and an increase in distribution difficulties, thus triggering the risk of rising transportation costs.	Medium	Large	Short- and medium-term	Warehousing and transportation	High	Increased operational costs	We will select high-quality logistics suppliers, conduct strict assessments based on KPIs, ensure the quality of logistics services and transportation safety, and require suppliers to flexibly use a variety of transportation methods to respond to emergency needs.
Policy and Legal Risks	Factors such as the tightening of environmental protection policies, the rise of trade protectionism, and adjustments to import and export policies may cause fluctuations in the supply chain, affect the timeliness of order delivery, and increase the pressure of operating costs.	High	Large	Medium- and long-term	Procurement, production, sales	High	Increased operational costs	We will conduct research on the laws, regulations, and policies in key regions. We will also communicate with supply partners in a timely manner, dynamically adjust the production capacity and supply chain, and implement the strategy of internal and external coordination.

Opportunity Type	Opportunity Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Policy Opportunities	Against the backdrop of global industrial layout and under the influence of Sino-US trade frictions, the Company can make full use of overseas production bases to enhance its competitiveness.	Medium	Large	Medium- and long-term	Purchase, Sales	High	Increase revenue	We will optimize the layout of global production bases and focus on regional cooperation opportunities; Pay close attention to policy developments, and actively seek policy support; Effectively respond to tariff barriers, improve cost competitiveness, and optimize resource allocation.
Market Opportunities	By settling one-commerce platforms and collaborating with new retail enterprises, the Company can expand its market coverage and obtain real-time market feedback, thus increasing its market share.	High	Large	Medium- and long-term	Production and sales	High	Increased operating income	Accelerate the establishment of an e-commerce team to improve the operating efficiency of online stores; Join hands with new retail enterprises to jointly carry out marketing activities; Use big data to gain insight into consumer needs and optimize products and services.

Supply Chain Security Impact, Risk and Opportunity Management

Healthcare Co.,Ltd. has established a sound supply chain risk management system that comprehensively covers key aspects such as risk identification, assessment, and control. This enables the Company to effectively deal with uncertainties in the supply chain and continuously optimize its risk management processes. At the same time, the Company focuses on exploring potential opportunities, transforming risks into competitive advantages, and constantly enhancing the stability and resilience of its supply chain.



Supply Chain Security Metrics and Targets

With the goal of building a sustainable supply chain, Healthcare Co.,Ltd. continues to optimize its supplier control system and strengthen supplier management.

Category	Indicator	Goals	Progress
Supplier Assessment Management	Supplier audit rate Willingness to cooperate in signing the supplier code of conduct	Efforts are made to ensure that suppliers have undergone strict audits and that 100% of them are qualified; the signing rate of the supplier code of conduct has increased to maintain the compliance and transparency of the supply chain.	Achieved
Supplier Operation Management	Supplier Sustainability Training	Efforts are made to improve the supplier sustainability training rate and strengthen the construction of sustainable supply chain procurement capabilities.	Achieved

During the Reporting Period

The Company has a total of **2,044** suppliers in in-stock management, among which: **220** suppliers have passed the ISO 9001 Quality Management System Certification, **176** suppliers have passed the ISO 14001 Environmental Management System Certification, and **122** suppliers have passed the ISO 45001 Occupational Health and Safety Management System Certification.

Clean Purchasing

Healthcare Co.,Ltd. regards integrity building as an important guarantee for the Company's sustainable development, and deeply integrates it into corporate culture and operational management. During the reporting period, the Company carried out systematic integrity training for internal procurement personnel. The content covers case analysis of professional ethics and psychology, interpretation of the Company and department-related systems, analysis of typical internal and external cases, and popularization of criminal law knowledge. Through multi-dimensional education, it helps procurement staff clearly define the red line of honest and clean work, build a solid ideological defense line, and enhance the awareness of risk prevention.

In order to continuously strengthen employees' awareness of integrity, the Company's Procurement Department regularly conducts special integrity training to ensure that integrity education becomes normalized and institutionalized. In addition, the Company signed an integrity agreement with external suppliers to constrain cooperation behavior at the contract level, clarify the responsibilities and obligations of both parties, and jointly create a clean procurement environment.

Supplier Training

Healthcare Co.,Ltd. attaches great importance to the ESG management of suppliers. During the reporting period, the Company held ESG online training for material suppliers, with focus on in-depth discussions on the current status and gaps of ESG practices. Through the training, suppliers have gained an in-depth understanding of ESG concepts and have actively put these concepts into practice in their actual operations. As a result, they have further enhanced their environmental, social, and governance performance. At the same time, the ESG practices of suppliers have been effectively integrated with the Company's on-site inspection work, ensuring the compliance and coordination of all supply chain links and achieving the goal of building a robust and transparent supply chain ecosystem.

During the Reporting Period

The Company has carried out a total of **18** ESG training sessions for suppliers. A total of **137** people have participated in these trainings, and the total training duration amounts to **137** hours.

Digitalization

During the reporting period, the Company focused on informatization and digitalization to promote improvement in the quality and efficiency of its operations in terms of supply chain optimization and digital operations. In the field of supply chain optimization, the Company has deepened the application of RFID technology and actively expanded it to overseas production bases to improve global production efficiency and management level. In the field of digital operation, based on the Order Management System (OMS), the Company has strengthened its business analysis function, and optimized inventory management and order fulfillment strategies by leveraging data insights. By deploying data analysis tools, it has strengthened the management of stores and distributors, monitored performance indicators, integrated channel resources, and achieved sales empowerment.





Protection of Employees' Rights and Interests

Governance of Employee Rights Protection

Healthcare Co.,Ltd. strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other laws and regulations and relevant human rights standards. It has formulated a series of talent recruitment and employee management systems such as the Recruitment Management System, the Probationary Period Management Measures, the Attendance Management System, and the Position Management Measures. It optimizes employee recruitment, retention, resignation and contract renewal processes, improves the talent selection and appointment system, and builds a team of high-quality talents.

The Company advocates a fair, diverse and inclusive culture. It does not impose unreasonable restrictions based on gender, age, region, etc. The Company firmly opposes any form of discrimination, forced labor, child labor and other improper practices, and actively protect the legitimate rights and interests of employees. At the same time, the Company pays special attention to the work and living conditions of employees with disabilities and disadvantaged groups, and provides them with necessary help and support. The Company respects and adapts to different cultural backgrounds and values, and provides local culture and policy training to employees assigned overseas to promote better cross-cultural integration.

During the recruitment process, the Company adheres to the principles of "equal opportunity, job matching, fair competition, and admission based on merit" and encourages the recruitment of talents with different backgrounds and professions to ensure the diversity of the workforce. The Company employs diversified social recruitment channels, such as online recruitment, headhunting services, internal referrals, and government-organized job fairs. At the same time, it actively introduces talents through campus recruitment channels like career talks and job fairs. Through measures such as rights and interests protection, performance appraisal, rank promotion, and welfare systems, the company continuously attracts talents. During the reporting period, the company and its subsidiaries Shanghai Milily, Nantong Zero Pressure, Nisco, Shanghai Nisco and Deeplant New Material participated in a total of **39**

job fairs and **15** recruitment seminars. In addition, the Company actively responds to national policies and actively recruits veterans and disabled people through channels such as participating in job fairs organized by the Veterans Affairs Bureau and special job fairs for people with disabilities.

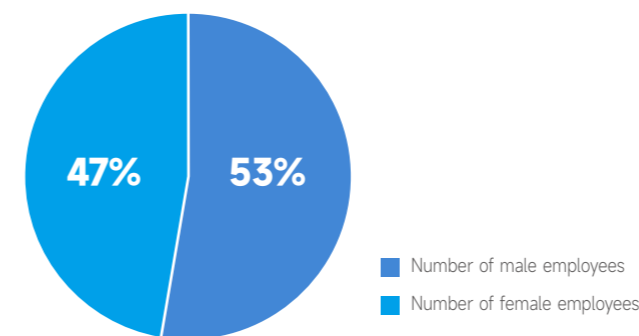


Campus Presentation Site

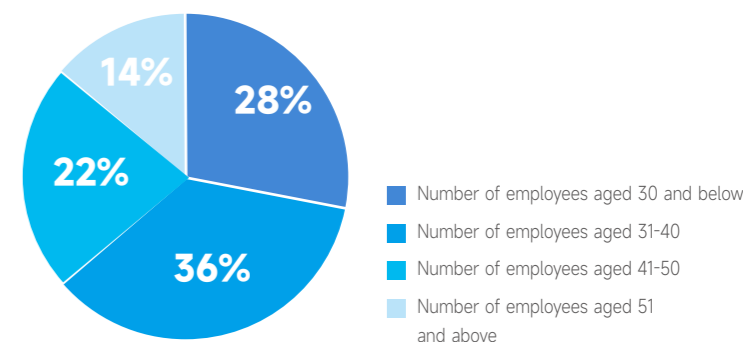


During the Reporting Period

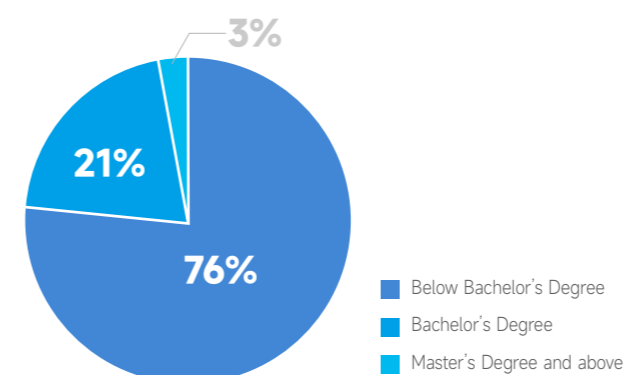
The total number of employees in the Company is **7,663**. Among them, the number of employees with disabilities is **55**, and the number of employees from ethnic minority groups is **646**. The labor contract signing rate is **100%**. There have been no incidents of child labor or forced labor in any form.



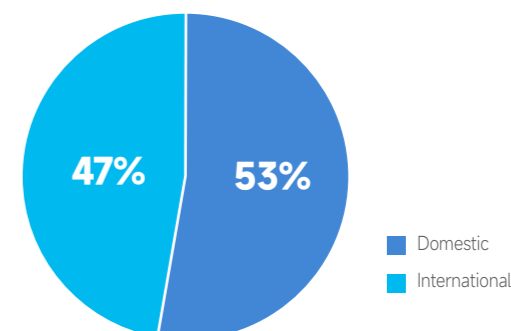
Employee structure by gender



Employee structure by age



Employee structure by education level



Employee structure divided by work region

The Company pays great attention to the occupational health and safety of its employees and has formulated a series of occupational health and safety management documents, including the "Three Simultaneous" Management System for Occupational Health in Construction Projects and the Workers' Occupational Health Monitoring and File Management System. The Company has established a health and safety committee, which is mainly responsible for the company's occupational health and safety-related decisions and the handling of major occupational health and safety issues. Through activities such as convening the Health and Safety Committee, organizing Occupational Health Promotion Week, and conducting internal training, the Company promotes the construction of occupational health and safety culture. In 2024, the Company and its subsidiary Jiangsu Nisco have passed the ISO45001 occupational health and safety management system certification.

The Structure of the Company's Health and Safety Committee



Director of the Health and Safety Committee

General Manager

Shall allocate the responsibilities and authorities of relevant roles within the environmental, occupational health and safety management system to all levels within the company, communicate them, and maintain them as documented information.



Deputy Director of the Health and Safety Committee

The Deputy General Manager and the Management Representative of the Occupational Health and Safety Management System

Shall assume the responsibilities for the environmental, occupational health and safety management system in the parts under their control.



Member of the Health and Safety Committee

The Heads of Each Department and the Representatives of the Staff

Shall assume the responsibilities for the environmental, occupational health and safety management system in the parts under their control.



Occupational Health and Safety Management System Certification

Strategy for the Protection of Employees’ Rights and Interests

Risk Type	Risk Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Legal Risks	If the Company fails to strictly comply with relevant laws and regulations during the labor management process, it is highly likely to trigger legal risks and may bear the liability for fines or civil compensation.	Low	Medium	Short-, medium-, and long-term	Operations	Medium	Increased operating costs Increased non-operating expenses	Organize relevant personnel to study new policies and regulations in a timely manner; standardize the signing of labor contracts and provide labor protection; conduct self-inspections regularly to promptly identify and reduce potential legal risks.
Operational Risks	If the issues concerning employees' rights and interests are not properly addressed, it will intensify the tension in labor relations. Consequently, it will reduce employees' work enthusiasm and efficiency, exerting an adverse impact on the Company's overall operation. At the same time, rising employee turnover will also increase recruitment and training costs.	Medium	Medium	Short-and medium-term	Operations	Medium	Increased operating costs	Unblock the communication channels with employees, understand and resolve employee demands in a timely manner; improve employee satisfaction and loyalty by optimizing salary and benefits, providing training and promotion opportunities, and improving the working environment.

Opportunity Type	Opportunity Description	Probability of Occurrence	Impact Magnitude	Impact Timeframe	Value Chain Links of Impact	Priority Ranking	Explanation of Financial Impact	Response Measures
Market Opportunities	In the current context of fierce market competition, if the Company can establish a competitive compensation and benefits system and provide a sound talent cultivation mechanism, it will be able to stand out in the talent market, attract a large number of professional talents to join, and inject vitality into the company's development.	Medium	Large	Mid-term	Operations	High	Reduced operating costs	Develop a competitive salary system; establish a tiered and classified talent development system, and provide opportunities for internal training, external further studies, and mentoring; strengthen employer brand building, and publicize the Company's advantages through social media, campus recruitment and other channels.
Management Efficiency	When the Company attaches great importance to employees' rights and interests and provides reasonable compensation, benefits and a good working environment, employees' satisfaction and loyalty will be enhanced. As a result, employee turnover will be reduced and management efficiency will be improved.	Medium	Medium	Mid-term	Operations	Medium	Reduced operating costs	Provide diversified benefits, such as supplementary insurance and flexible leave; create a comfortable office environment, optimize space layout, and equip with advanced facilities; establish a fair promotion and career development system to provide employees with a clear growth path.

Impact, Risk and Opportunity Management

Healthcare Co.,Ltd. is committed to comprehensively managing risks in the human resources field. By systematically identifying potential risks and opportunities, it continuously optimizes the human resources risk management system from multiple dimensions to improve overall management effectiveness.

01
Risk Identification

Potential employee rights risks are mainly identified through reviewing labor laws and regulations, collecting employee feedback, and analyzing past cases.

02
Risk assessment

The probability of occurrence and the degree of impact of the identified potential risks are evaluated from dimensions such as legal impact, reputation damage, and operational obstacles, and continuously track the risk situation.

03
Risk Response

Based on the results of risk identification, assessment and monitoring, measures such as formulating compliance systems and streamlining communication mechanisms are taken to respond to risks.

Metrics and Targets

Healthcare Co.,Ltd. sets clear employee management objectives, creates a fair and inclusive working environment, safeguards employees' equal rights, promotes their all-round development, and ensures their physical and mental health.

Objectives	Achievements in 2024
No discrimination or child labor	Achieved
New employee training coverage rate: 100%	Achieved
Annual coverage rate of employees' occupational health examinations: 100%	Achieved

During the Reporting Period

The Company has invested a total of **3.6769** million in employee training. It has carried out **1,229** employee training sessions, with a total of **7,663** people participating in the training. the total training duration is **56,396** hours. On average, each employee has received **7.36** hours of training, and the employee training coverage rate is **100%**.

Employee Compensation and Benefits

Healthcare Co.,Ltd., in accordance with relevant laws and regulations such as the Labor Law of the People's Republic of China, follows the principle of equal pay for equal work and establishes a compensation system based on the evaluation of job value. The Company has formulated employee compensation management systems such as the Performance Management System. Employees' compensation consists of basic salary, post allowance, performance salary, and welfare subsidies. The compensation distribution methods for different job groups have their own emphases. The performance appraisal cycle covers monthly, semi-annual and annual periods. The appraisal dimensions focus on both performance and value evaluation. The appraisal process is rigorous and fair to ensure the scientific accuracy and effectiveness of performance management. The Company has also established a performance feedback and complaint mechanism, through which employees can report problems and make suggestions to department leaders or the Human Resources Center through telephone, email or mailbox. On the basis of ensuring fair remuneration, the Company has established a complete employee welfare system to attract and retain outstanding talents and build a stable and efficient team.

01

Basic Protection

Pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, medical insurance, housing provident fund

02

Leave Management

National statutory annual leave and holidays

03

Corporate Benefits

High temperature subsidies, overseas subsidies, departmental team building, health check-ups, holiday gifts, movie tickets, physiotherapy coupons and other living benefits

During the Reporting Period

The Company's social insurance coverage rate is **100%**.The Company's welfare expenditure was RMB **286.5441** million, of which basic welfare expenditure was RMB **234.1913** million and special welfare expenditure was RMB **52.3529** million.

Employee Training and Development

Healthcare Co.,Ltd. has formulated the Training Management System and Healthcare Co.,Ltd. Management Trainee Training Methods to improve the standardization and institutionalization of the Company's training management work. The Company is dedicated to establishing a comprehensive employee training and development system. On the one hand, it offers new employees systematic orientation training. This training encompasses career development guidance and skills training, with the aim to enable them to quickly adapt to the Company and be competent in their positions. On the other hand, the Company continues to improve the construction of its internal lecturer team, and improves the professional level and teaching ability of lecturers through measures such as high-quality training team, multi-channel selection and training, practical training and continuous improvement. In addition, the Company also provides a wealth of online learning platform course resources to meet the learning needs of different positions and provide all-round support for employee growth and development.

The Company has established a team of internal trainers who possess high professionalism and teaching ability. As of the end of the reporting period, the Company's in-house trainer team consisted of 73 members. During the reporting period, a total of 93 courses were pre-trial lectured and qualified. These courses cover multiple categories such as new employee onboarding training, professional skills training, comprehensive quality training, corporate culture and management training, work safety and quality management training, marketing and customer service training, as well as information technology and office software training. They fully meet the learning needs of the Company's employees in various career development fields.

The Company is committed to providing employees with good promotion opportunities and development channels. It has formulated the Administrative Measures for Job Grade Evaluation and established a diversified job grade system, which covers the management sequence, professional sequence, and worker sequence. This system provides employees in different positions with a clear career development path, ensuring that employees can realize their own values within the company and contributing to the Company's sustainable development.



"Eaglet Program" Training



Corporate culture training

Occupational Health and Safety

Occupational Disease Prevention

Healthcare Co.,Ltd. has formulated a series of internal systems such as the Responsibility System for the Prevention and Control of Occupational Disease Hazards, the Annual Plan and Implementation Plan for the Prevention and Control of Occupational Hazards, and the System for the Promotion, Education and Training of Occupational Disease Prevention and Control. Through a series of measures such as establishing monitoring and evaluation records, conducting regular training, and implementing a job rotation mechanism, Healthcare Co.,Ltd. ensures the health and safety of employees at work.

Occupational Health Initiatives

- We have established a complete occupational health monitoring file to track and record employees' occupational health status in real time and archive it.
- We have regularly organized occupational health education and training to improve employees' occupational health awareness and self-protection ability.
- We have implemented a rotation/job change mechanism for personnel at risk of occupational diseases, formulated detailed rotation plans, and provided necessary training and health monitoring to reduce health risks caused by long-term exposure to occupational disease hazards.
- We strictly require employees to wear appropriate protective equipment when exposed to occupational hazards, and regularly update and upgrade protective equipment.
- Through facility renovation, such as closed renovation, installation of ventilation, dust prevention and forced exhaust devices, the hazards of occupational diseases such as dust have been effectively reduced.
- We have truthfully informed employees of occupational hazards, their consequences, and protective measures in the labor contract. Additionally, we have set up a bulletin board in a prominent location to publicize the regulations and systems for occupational disease prevention and control, operation procedures, emergency rescue measures, and the detection results of hazard factors, so as to enhance employees' awareness of occupational health.a



Workplace Warning Signs



Healthcare Co.,Ltd. Occupational Health Management System Certification

During the Reporting Period

The rate of the Company's special operation personnel with valid certificates is **100%**. The investment amount in domestic work-related injury insurance is RMB **2.2935** million, and the coverage rate of domestic work-related injury insurance for employees is **100%**. The coverage rate of employee physical examinations is **100%**; the detection rate of occupational disease hazard factors is **100%**; the qualification rate of monitoring of occupational disease hazard factors is **100%**; and the number of newly diagnosed occupational diseases is zero.

Safety Hazard Assessment

Healthcare Co.,Ltd. regularly carries out safety hazard inspection and rectification work, covering all departments, workshops, positions and all production facilities, equipment and venues. The aim is to ensure that there are no blind spots and no omissions. During the reporting period, the Company conducted safety hazard inspections and discovered hidden dangers and problems in equipment and facilities, fire safety, and personnel safety.

In response to these hidden dangers and problems, the Company responded quickly, formulated practical and feasible rectification measures, and strictly implemented them one by one according to the plan. In terms of the rectification of equipment and facilities, the Company has repaired or replaced the aging and damaged equipment, improved the safety protection devices, and ensured the safe operation of the equipment. In terms of fire safety rectification, the Company has strengthened the ventilation in the workshops, improved the fire protection facilities, and ensured the unobstructed fire escape routes. In terms of personnel safety rectification, the Company has strengthened safety education and training, enhanced employees' safety awareness and skill levels, and formulated detailed safety operation procedures and emergency response plans.

During the Reporting Period

The risk detection and rectification rate of the Company: **100%**

Occupational Health Risk Management

In terms of emergency management, the Company has formulated comprehensive emergency response plans, special emergency response plans, and on-site disposal plans to standardize the emergency management work for production safety accidents within the company. This ensures that the Company can respond to various types of accidents in a timely and effective manner, and minimize casualties and property losses to the greatest extent possible. The emergency plan covers response measures for each link, including information reporting, early warning, response initiation, emergency disposal, emergency support, response termination, post-disposal, and emergency guarantee. The Company has established an emergency organization system consisting of an emergency leading group, emergency working groups, daily management institutions, etc., and has clearly defined the responsibilities and work processes of organizational institutions at all levels. At the same time, the Company has established an emergency materials and equipment support system, equipped with necessary emergency rescue equipment, apparatus, and protective supplies, and conducts regular inspections and maintenance.

In order to further improve the safety management system, the Company has formulated an efficient safety accident handling process. When a safety accident occurs, the information must be passed to the relevant departments step by step to ensure that the situation is grasped in a timely manner. According to the severity and characteristics of the accident, the Company will immediately activate the corresponding emergency plan and conduct on-site disposal. Subsequently, the Company conducts a detailed accident investigation, formulates an accident investigation report that includes cause analysis and improvement suggestions, and circulates the report. Based on the investigation results, the Company implements necessary rectification measures and properly handles the follow-up matters for the affected personnel. Finally, the number of safety incidents is statistically analyzed to identify potential risk points in order to strengthen preventive measures and reduce the likelihood of future accidents.

By integrating the processes of emergency management and safety accident handling, the Company has ensured all-round safety management, ranging from prevention and response to post-accident handling. This provides a solid safeguard for the safety of both employees and the company.



During the Reporting Period

The Company conducted **29** emergency drills for production safety.

Case
Study

Chemical Spill Drill

On October 25, 2024, in order to enhance employees' emergency response and rescue capabilities after an accident and enable them to master the accident handling procedures, the Company's workshop carried out a special drill on chemical leakage. This drill simulated a chemical leakage incident in a real-life scenario, and detailed rehearsals were conducted for all aspects, from the discovery of the leakage, the activation of the emergency response plan to on-site handling, and the evacuation of personnel. Through this drill, the emergency response team for leakage prevention has received a comprehensive training, which has enhanced the team's actual combat capabilities and level of coordinated operations. At the same time, it has strengthened the employees' safety awareness of preventing potential hazards in their minds.

Case
Study

Fire Drills

On February 27, 2024, the Company's workshop conducted a fire drill to enhance employees' fire awareness and improve their ability to respond to emergencies such as fires. During the drill, the employees acted quickly and proactively. They were basically familiar with the methods of evacuation and escape. They mastered the usage of dry powder fire extinguishers proficiently. In the face of the fire danger, they remained calm and composed, demonstrating excellent emergency response capabilities and a strong spirit of teamwork.



Cultivation of Occupational Health and Safety Culture

In terms of occupational health, the Company provides strategic guidance and a basis for decision-making for occupational health training work by regularly convening meetings of the Health and Safety Committee. By means of the Occupational Health Publicity Week activities, the Company popularizes occupational health knowledge among employees to enhance their awareness of self-protection. It also conducts diversified internal training sessions, covering content such as occupational health risks and corresponding countermeasures for various positions. By implementing multiple measures simultaneously, the Company makes every effort to promote the construction of occupational health and safety culture, and effectively safeguards the occupational health rights and interests of employees.

Case
Study

Launch of Occupational Health Promotion Week

From April 25th to May 1st, 2024, it was the Occupational Health Publicity Week. The Company actively responded to the theme call of "having prevention primarily and safeguarding occupational health". Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company, through various forms, reviewed its achievements, interpreted relevant laws and regulations, promoted exemplary cases, and publicized policies and experiences. This is conducive to enhancing employees'

awareness of occupational health and hygiene, protecting their health rights and interests. Meanwhile, it helps to foster a strong corporate atmosphere where occupational health is highly valued.

Case
Study

The meeting of the Safety Committee in the first quarter of 2024 was convened

On April 24, 2024, the Company held the first quarter safety committee meeting of 2024. The meeting comprehensively sorted out various safety-related matters. It shared safety and environmental protection data such as the reporting data of near-miss incidents, and presented the situation regarding the mobile red flag. At the same time, it clearly pointed out typical accident hazards such as unsafe human behaviors and unsafe conditions of objects. Discussions were also carried out on matters such as traffic safety training and the filing of personnel transferred to new positions. In this way, it effectively enhanced employees' safety awareness and emergency response capabilities, providing a strong guarantee for the Company's safe production.

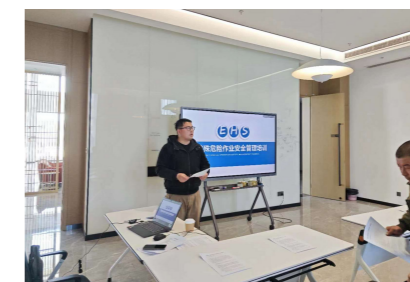


During the Reporting Period

The Company carried out **120** safety education and training sessions, with a total of **53,673** person-times participating in the training. The total training duration was **80,509** hours, and the coverage rate of employees receiving safety education and training reached **100%**.

Supplier Safety Management

Healthcare Co.,Ltd. attaches great importance to safety management in cooperation with suppliers. The Company has formulated the Safety Management System for Contractors, Suppliers and Related Parties and has conducted strict safety assessments and on-site safety inspections. Through the safety evaluation and assessment system, potential issues are promptly identified and contractors are urged to carry out rectification, so as to ensure the continuous improvement of the Company's overall safety level.



Special Operations Training Photos



Supplier Safety Briefing Training

Employee Care

Democratic Governance

The Company attaches great importance to employees' demands and opinions, continuously deepens democratic management, and builds harmonious labor relations. In order to protect employees' right to know, right to participate, right to express and right to supervise, the Company has established diversified communication channels, including suggestion boxes, online communication platforms and employee seminars. It listens to employees' voices in real time and continuously improves the existing management mechanism and other aspects to ensure that employees' opinions can be fed back to higher levels. At the same time, the Company convenes Employee Congress, elects employee supervisors to participate in the company's daily operations and supervision, promotes the continuous deepening of the Company's democratic management process, and creates a fair, just and transparent working environment. In addition, all major matters and decisions of the Company will be announced through the internal OA platform to ensure that all employees have a sense of participation and the right to know about company affairs.

Protection of the Rights and Interests of Female Employees

Healthcare Co.,Ltd. advocates gender equality and actively cares for and protects the rights and interests of female employees. The Company strictly complies with laws and regulations such as the Law of the People's Republic of China on the Protection of Rights and Interests of Women and the Special Provisions on Labor Protection for Female Employees. It provides eligible female employees with statutory holidays such as maternity leave and breastfeeding leave, and also sets up a mother and baby room to provide convenience for employees who are pregnant or breastfeeding. On the basis of protecting the rights and interests of female employees on a daily basis, the Company also pays special attention to holiday care and carries out International Women's Day activities every year. It cares for female employees in various ways by organizing activities, distributing benefits and other measures.



International Women's Day Activities

Support for Employees in Difficulty

Healthcare Co.,Ltd. actively cares for the disabled, employees from disadvantaged groups and employees in difficulties. The Company regularly organizes health examinations and psychological counseling to provide necessary security and psychological support for the disabled and disadvantaged groups. In terms of daily life, the Company provides convenience in accommodation, transportation and other aspects for employees in need, helping them solve practical difficulties. This demonstrates the Company's humanistic care. At the same time, the Company attaches great importance to helping employees in difficulties, provides financial assistance to employees and their families who have difficulties in life or suffer from serious illnesses, and provides necessary medical assistance to help them overcome difficulties.

During the Reporting Period

The Company has provided assistance to **28** employees in need through the Rugao Charity Foundation, with the total amount of assistance reaching RMB **59** thousand.

Employee Activities

Healthcare Co.,Ltd. attaches great importance to employee care and is committed to creating a vibrant and cohesive working environment for its employees. The Company regularly organizes various types of employee activities to enrich employees' leisure lives and enhance team cohesion. During the reporting period, the Company organized a series of activities, including the New Year's Day welcome party, grand annual meeting, birthday parties, outdoor expansion activities, etc. Through these team-building activities, a warm, harmonious and positive working atmosphere has been created, enabling employees to feel the warmth of home and enhancing their sense of identity with the Company.



New Year's Day Welcome Event



Company's Birthday Party



Outdoor Expansion Activity



Company's Annual Meeting



Team-building Dinner Activity

Contribution to Society

Practice Social Welfare

In the process of promoting its own sustainable development, Healthcare Co.,Ltd. has long been enthusiastic about supporting public welfare undertakings. It takes the initiative to shoulder social responsibilities, actively engages in various public welfare and charitable practices, and contributes its part to social harmony and progress. During the reporting period, The total investment of the Company in external donations and public welfare projects is RMB **3.2585** million.

Case Study

“Hundred Cities, Ten Thousand Books” Public Welfare Project

Healthcare Co.,Ltd. has launched the “Hundred Cities, Ten Thousand Volumes” public welfare project, which covered 100 cities in 2024. This project particularly focuses on senior high school students who are about to take the National College Entrance Examination (Gaokao). It is committed to improving their sleep conditions and enhancing their sleep quality so that they can better cope with academic pressure. During the reporting period, the Company donated 3,800 MLILY zero-pressure thin mattresses to adolescent students.



Case Study

Mattress Donation Program for Special Workers

During the May Day holiday, Healthcare Co.,Ltd. donated zero-pressure mattresses to the sand control workers in the Tengger Desert and the actors who played “Monkey King” in the Wuzhishan Scenic Area in Handan. The move is aimed at improving their sleep quality and ensuring that these hard-working people can get adequate rest and physical recovery after a hard day's work.



Donate Mattress

Case Study

Twilight Project

Healthcare Co.,Ltd. has launched a “Sunset Plan” specifically for the elderly, which aims to transform hard mattresses so that the elderly can experience firsthand the positive effects of soft and well-supported mattresses on sleep quality and physical health. Through this action, the Company hopes to encourage more elderly people to abandon the outdated concept of sleeping on hard mattresses, so that more senior citizens can benefit from it.



Support Cultural and Sports Undertakings

For many years, Healthcare Co.,Ltd. has been supporting cultural and sports undertakings. By sponsoring diverse cultural and sports activities such as football matches and Go competitions, it has built a platform for football players and Go players to showcase their talents. At the same time, Healthcare Co.,Ltd. has made contributions to promoting the prosperity of social cultural and sports undertakings. By accurately positioning the two major areas of physical exercise and mental exercise, the Company's product functions are closely integrated with cultural and sports scenes. This strategic approach achieves optimal alignment between products and user needs, further strengthening the brand's unique advantages in helping physical and mental recovery and providing consumers with more professional sleep optimization solutions.

Case Study

Protect Chess Players' Sleep

Healthcare Co.,Ltd. actively supports the development of Go and has contributed to the inheritance and promotion of Go culture by hosting children's Go exchange competitions and the World Go Open. As of the end of 2024, the “MLILY 梦百合 Zero-pressure Mattress Cup” Children's Go Exchange Tournament has covered 29 provinces, autonomous regions, and municipalities across the country. A total of 209 games was held, which attracted more than 15,000 children to participate. Among them, 121 games were held in 2024, with more than 8,000 participants. At the same time, the Mlily Cup World Go Open has also become one of the indispensable heavyweight events in the Go field. Through these competitions, the Company enables more teenagers to get exposed to Go, stimulates their interest, and helps to inherit and promote the Go culture among the younger generation.



Case
Study

Support the Development of Football

In 2024, Healthcare Co.,Ltd. joined hands with Manchester United Football Club to hold a variety of football culture and brand promotion activities at home and abroad, including legendary star meet-and-greets, Chinese fans' UK tour, Manchester United caravan tour, ILOVEUNITED event, etc. These activities not only effectively enhanced MLILY's brand awareness in China and overseas, but also further spread Manchester United's culture and football spirit.

During the Legendary Star Meet-and-Greet event, legendary Manchester United stars paid a visit to the New Century Foreign Language School in Shangcheng District, Hangzhou. They carried out football culture exchanges with the school's football team, with the aim to inspire the young players through skill guidance and heart-to-heart talks about dreams. With a special emphasis on the significance of scientific post-exercise recovery, they donated MLILY zero-pressure thin mattresses to the team to enhance sleep quality.

At the event, both sides jointly launched the co-branded "Dream Theater Sofa". The football stars personally demonstrated the product's ergonomic design and shared their recovery experience from "the pitch to the living room", marking the official expansion of the collaboration from bedroom sleep products to the living room and rest spaces. After the release, the stars participated with fans in the "Zero-Pressure Citywalk" themed event. They engaged in a cycling interaction on the most beautiful QIU riding track at Binjiang, combining the co-branded sofa experience with landmark buildings, and advocating MLILY's "zero-pressure" lifestyle.



Nantong Zhiyun Football Club has signed a strategic cooperation agreement with MLILY. As the strategic partner of the club for the 2024 season, MLILY will stand on the field of the Chinese Super League 2024 together with Nantong Zhiyun, pursuing the dream in the Chinese Super League. It will also focus on the urban football cause with Nantong Zhiyun and make concerted efforts to promote the vigorous development of urban sports.



Respond to the Construction of the Belt and Road Initiative

Healthcare Co.,Ltd. has always adhered to the development strategy of "globalization of production capacity and internationalization of brand". In response to China's Belt and Road Initiative for cooperation and the development pattern of the domestic and international dual circulation, the Company has successively established production bases in places such as Serbia and Thailand, contributing to the promotion of regional economic development and the deepening of international cooperation. At present, Healthcare Co.,Ltd.'s products have covered hundreds of countries and regions around the world, including countries along the "Belt and Road". These initiatives demonstrates its strong international competitiveness and market penetration.

In response to the construction of the "Belt and Road Initiative", Nisco Thailand Co., Ltd., the Thai production base, attaches great importance to employee care and cultural integration. During the Thai New Year (Songkran Festival), all employees participated in a sacred water blessing ceremony to pray for smooth production, safety, and prosperity in the coming year. Additionally, staff and management engaged in a mutual water-pouring ritual to exchange good wishes. For Christmas, the Company organized a gift exchange activity, where Chinese and Thai employees exchanged mystery gift boxes within a set budget to strengthen camaraderie. In addition, the Company has established a care mechanism for dispatched employees, regularly organizing activities such as communication meetings and group purchasing. These measures help to alleviate the homesickness of foreign employees and ensure the stability of the talent team.



Songkran Festival Activity



Christmas Gift Exchange

Assist Local Development

Healthcare Co.,Ltd. places high value on education. By setting up scholarships in local schools and donating products to college freshmen, it actively supports local education and encourages students to pursue excellence. In addition, the Company regularly conducts stakeholder questionnaires and takes the initiative to communicate with the community, so as to collect the opinions and suggestions of community members. By doing so, it can promptly adjust and optimize its social responsibility practices, ensuring that its business activities are in harmony with the interests of the community and promoting the sustainable development of both parties.

During the Reporting Period

Healthcare Co.,Ltd. allocated RMB **1.2119** million for its special scholarship program and donated

RMB **72.7** thousand to support college-bound students in Dingyan.

Case Study

Establish Scholarship

Healthcare Co.,Ltd. has successively established scholarships in four local schools in Rugao to reward and commend outstanding students and teaching staff. This initiative aims to encourage students to study diligently and strive for progress actively. At the same time, it promotes the development of local education.



Case Study

Donate Mattresses to Students in Dingyant

The Company presented MLILY zero-pressure thin mattresses and zero-pressure pillows to the students from Dingyan, Rugao, who had been admitted to undergraduate programs in that year. With such practical actions, the Company supported local education and encouraged the students to achieve greater academic accomplishments.



Rural Revitalization

With the acceleration of urbanization, rural areas are faced with numerous challenges, such as population loss, lagging economic development, and weak infrastructure. To address these issues and promote coordinated urban-rural development, the government has introduced the Rural Revitalization Strategy. This strategy aims to drive the comprehensive development of rural economies and societies through improvements in industries, culture, ecology, and other aspects. The Company actively implements the rural revitalization strategy and deeply integrates the concept of rural revitalization into the project construction and operation process. Through project implementation, the Company has injected new vitality into local economic development, directly stimulated economic growth, created substantial employment opportunities, and effectively enhanced residents' income and living standards. These efforts have laid a solid foundation for stable rural economic development while making active contributions to the deeper implementation of rural revitalization strategy.



03

Work Together to Achieve a Better Future

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NISCO 里境
Value

Strengthen the Leadership of Party Building

Strengthen Political Construction

In its Party building work, Healthcare Co.,Ltd. has always been guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and adhered to the spirit of the 20th National Congress of the Communist Party of China. It has been constantly strengthening the work of grassroots Party building. Considering the study and education of Party discipline as an important way to enhance political awareness, Healthcare Co.,Ltd. actively explores the mode of grassroots Party building work that is characteristic of non-public enterprises. By doing so, it converges the ideological consensus for promoting the healthy development of the enterprise, promotes the integration of Party building work and business operations, and continuously injects "red impetus" into the enterprise's development.

During the Reporting Period

The Company has **1** party branch, with **103** party members.

Focus on Gathering Strength and Cultivating the Soul

Healthcare Co.,Ltd. integrates the study and education of the history of the Communist Party of China, and continuously strengthens the work of primary-level Party building. The Party members fully fulfill their original aspirations and missions, strengthen their sense of responsibility and commitment, and enhance their political literacy through strengthening education and training. The Party Committee of the Company adheres to regarding education and training as an important means to improve political literacy. Through multi-level and multi-faceted institutional training, it has greatly enhanced the sense of mission and responsibility of Party members at the front line of projects, improved their political literacy, and laid a solid foundation for promoting the in-depth development of Party building work.

At the same time, the Company insists that party building work on the front line of the project must improve organizational structure and establish activity bases. The Party Committee of the Company formed a special research group on Party building and carried out research work at the front line of projects four times. Through forms such as conversations with project personnel and filling out questionnaires, it gradually ascertained the construction situation of Party building work in each project. In light of the actual conditions of each project, we established a "Red Alliance" with the construction party and established party member activity rooms in strict accordance with the "six-have" standards. The Company adheres to setting examples and leading the way, and give full play

to the exemplary role. The Party branch of the Company attaches great importance to giving full play to the vanguard and exemplary leading role of Party members during the implementation of projects. It has set up Party member responsibility areas and Party member demonstration posts at the front line of projects, and actively carried out activities such as "Showing Identity, Being a Vanguard, and Establishing a Brand". It guides Party members and leaders at the front line of projects to take the lead in in-depth study, promoting work, and doing a good job in team building, thus creating a strong atmosphere of "comparing, learning, catching up, and surpassing".

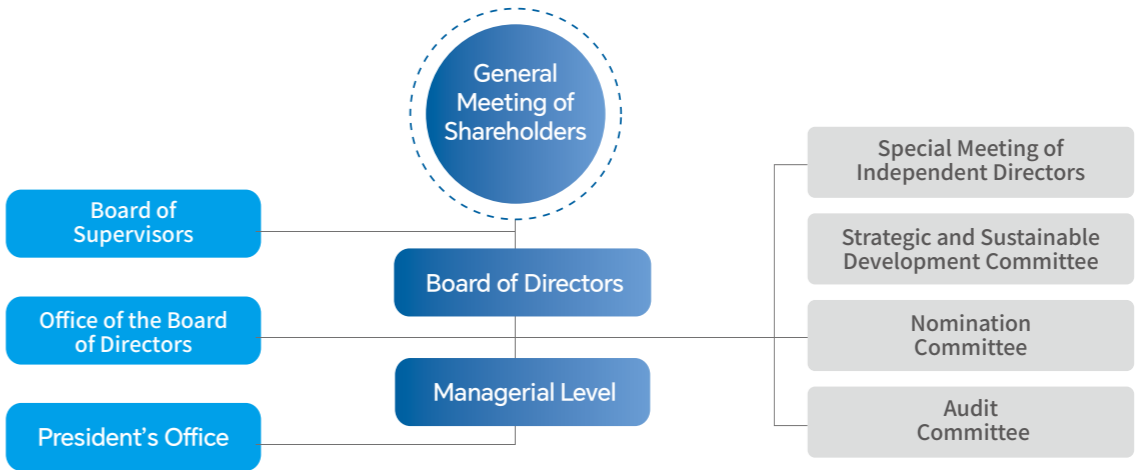
During the Reporting Period

Healthcare Co.,Ltd. organized and carried out special training sessions three times for Party members, Party membership activists, and candidates for Party membership at the front line of projects, with a total of **47** person-times receiving the training.



Corporate Governance Compliance

Healthcare Co.,Ltd. strictly complies with the requirements of laws, regulations, and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Governance Code for Listed Companies. It formulates and improves internal systems such as the Articles of Association of the Company, and establishes a governance structure in which the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the management team (the "three meetings and one level") each perform their respective responsibilities and cooperate in a coordinated manner. Together, they ensure the scientific, standardized, and efficient operation of the Company's governance.



General Meeting of Shareholderst

The General Meeting of Shareholders is the Company's highest authority. The Company strictly follows the rules and requirements of the Rules for the General Meeting of Shareholders of Listed Companies to standardize the convening and notification of shareholders' meetings, agenda review, voting procedures and other processes, and hires lawyers to witness the legality and standardization of shareholders' meetings to ensure that the shareholders' meeting exercises its decision-making power on major matters in accordance with the law and that the resolutions of the shareholders' meeting truly reflect the wishes of shareholders.

During the Reporting Period

The Company held **3** General Meeting of Shareholders and reviewed **20** proposals.

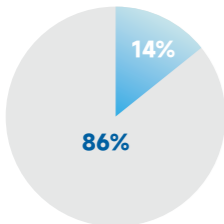
Board of Directors

The Company abides by national laws and regulations and management rules such as the Rules of Procedure for the Board of Directors, the Implementing Rules of the Strategy and Sustainable Development Committee, the Implementing Rules of the Nomination Committee, the Implementing Rules of the Audit Committee, and the Implementing Rules of the Remuneration and Appraisal Committee. It clarifies the procedures for the deliberation and work of the Company's board of directors and various special committees, as well as the responsibilities and authorities of each governance entity, ensuring that the Company's governance structure is scientific and reasonable, the decision-making procedures are rigorous and compliant, and the operation is efficient and transparent. It makes decisions with a scientific attitude to protect the rights and interests of shareholders. Healthcare Co.,Ltd. is committed to building a professional and diversified board of directors. The Company has formulated the System of Work of Independent Directors to provide professional and objective advice for the Company's business development and effectively ensure the Company's compliance operations. The Company's Board of Directors consists of 7 directors, including 3 independent directors, accounting for 42.86% of the board members; and 1 female director, accounting for 14.29% of the board members. The Company selects board members based on the principle of diversity, taking into account factors such as the candidates' gender, age, cultural and educational background, and professional experience, in order to improve the scientific and professional nature of the Board of Director's decision-making. The board members of the Company have diverse professional backgrounds and rich experience in industry technology, financial management, corporate governance and other fields. They combine their professional advantages to provide decision-making support for the Company and promote the Company's sustainable and healthy development.

During the Reporting Period

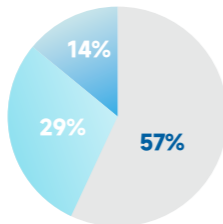
The Company held **6** board meetings and reviewed **42** proposals. Convened the Strategy and Sustainable Development Committee **1** time, the Audit Committee **6** times, and the Remuneration and Appraisal Committee **1** time, with a total of **21** motions being deliberated.

Distribution by gender



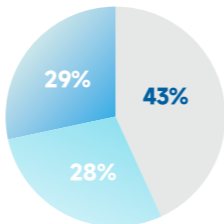
Male
Female

Distribution by age



50 to 60 years old (excluding 60 years old)
60 to 70 years old (excluding 70 years old)
Aged 70 and above

Distribution by education background



Junior college education
Undergraduate education
Master's degree and above

Board of Supervisors

The Board of Supervisors is an important supervisory body within the Company. It supervises the Company's decision-making procedures, the establishment and implementation of internal control systems, and other legal operations to promote the Company's standardized operations. The Company has formulated the Rules of Procedure for the Board of Supervisors to strictly regulate the meeting methods and procedures of the Board of Supervisors. Through regular and irregular meetings, it conducts comprehensive supervision on the performance of the Company's directors and senior management and the Company's standardized operations, strictly performs its supervisory duties, and ensures that the rights and interests of the Company and shareholders are effectively protected. As of the end of the reporting period, the Company's Fourth Board of Supervisors had a total of three supervisors, one of whom was an employee representative supervisor.

During the Reporting Period

The Company held the Board of Supervisors meeting **5** times and deliberated **21** motions.

Executive Compensation

Healthcare Co.,Ltd. strictly complies with the relevant provisions of the Company Law of the People's Republic of China, the Governance Code for Listed Companies, and the company's salary management system. Adhering to the principles of "openness, fairness, and transparency", it has formulated the Salary Management System for Directors, Supervisors and Senior Management Personnel. The salaries of senior executives consist of fixed annual salaries, floating annual salaries, and other benefits. In addition, senior executives can be given term incentives or medium- and long-term incentives according to relevant regulations, which fully stimulates and mobilizes their work enthusiasm and creativity. At the same time, in light of the Company's profitability, fluctuations in the market salary levels, and the Company's operational and development strategies, the Company will make irregular adjustments to the remuneration of its directors, supervisors, and senior management personnel following the established procedures. This ensures that the salaries of directors, supervisors, and senior management personnel are in line with the Company's business performance, and promotes the sustainable and stable development of the company.

Compliance and Risk Management

Compliance Management

Compliance operations are the cornerstone of sustainable development of an enterprise and a basic requirement for an enterprise to gain a foothold in the market. Healthcare Co.,Ltd. strictly complies with relevant laws and regulations and has formulated the Measures for Contract Management, the Measures for Supplier Management Operations, and the Measures for Procurement Risk Management. At the same time, the Company closely combines risk management requirements, establishes a sound compliance management system and continuously improves the company's legal and compliant business management level. Meanwhile, the Company has formulated the Group Tax Management System. The Group Tax Management Department conducts regular tax inspections and risk assessments of each subsidiary. In the face of major external tax inspections and audits of each subsidiary, it actively provides technical support and assists each subsidiary in handling these situations, thereby enhancing the ability to comply with tax management regulations.

Case Study

Training on the New Company Law

During the reporting period, the Company conducted an interpretation of the key revised contents of the New Company Law for the personnel of the Company's internal Board Secretary's Office, Finance Department, Audit Department, and other departments related to the Company's operations. The purpose of this training was to deeply analyze the impact of the new law's revisions on the Company's operations, ensuring that the personnel of all departments accurately understand and effectively implement the provisions of the new law. In this way, the Company's compliance management level can be improved, and the Company's stable development can be guaranteed.



During the Reporting Period

The Company has carried out legal training **26** times in total, with a total of **4,437** people receiving the training.

Internal Control

Based on the internal control management of the enterprise, Healthcare Co.,Ltd. continuously improves the Company's compliance, internal control, and legal management system. By formulating enterprise management and internal control systems such as the Internal Audit Management System, the Measures for Accountability Management, and the Measures for the Assessment and Management of Audit Rectification Efficiency, it clarifies the division of responsibilities and rights of various institutions as well as process rules. It integrates compliance and internal control into all aspects of the enterprise's operations, standardizes the Company's internal control behaviors, and promotes the Company to achieve its long-term development strategic objectives.Healthcare Co.,Ltd. is committed to building a comprehensive and effective risk management system to ensure the safe and stable operation of the Company and achieve sustainable development. By establishing and improving the risk management mechanism, the Company has formed a management closed loop of pre-risk prevention and control, in-process monitoring and early warning, and post-evaluation and optimization to ensure safe and stable operations. At the same time, Meanwhile, the Company gradually improves the risk assessment form, establishes a risk map, formulates a risk control list, monitors risks, and effectively implements internal control of risks.

During the Reporting Period

The Company has completed **46** audit plans, yielding a direct benefit of about **14** million yuan. In addition, a total of **184** initiatives, such as streamlining and standardizing processes and systems and facilitating the solidification of the IT system, have been implemented.

Protection of Shareholders' Rights and Interests

Information Disclosure

Healthcare Co.,Ltd. strictly complies with the requirements of laws and regulations such as the Administrative Measures for Information Disclosure of Listed Companies and does a good job in information disclosure. It formulates internal systems such as the Management System for Information Disclosure and the Registration Management System for Registration of the Insider Information. The Company strengthens the management of information disclosure affairs. These efforts ensure the truthfulness, accuracy, completeness and timeliness of the information disclosure content, improve the quality and transparency of information disclosure, and protect the investors' right to know. At the same time, the Company effectively manages the confidentiality, registration, and control of inside information. It also enhances the legal awareness and self-discipline of the Company's shareholders, directors, supervisors, senior executives, and other insiders with access to such information. By doing so, the Company aims to prevent illegal and unethical activities, such as insider trading.

During the Reporting Period

The Company disclosed **124** announcement documents, including **4** regular reports and **120** interim announcements. The Company had no penalties due to information disclosure violations.

Investor Relations

The Company attaches great importance to investor relations management and strictly abides by the Company Law of the People's Republic of China, the Guidelines for Investor Relations Management of Listed Companies and other laws and regulations. The Company has formulated the Investor Relations Management System to strengthen effective communication between the Company and investors. These efforts have further improved the corporate governance structure, and effectively protected the legitimate rights and interests of investors, especially small and medium-sized investors.

In 2024, the Company actively communicated with the capital market through General Meeting of Shareholders, performance briefings, and other means. It held a semi-annual performance briefing in the form of video and online interaction, which more intuitively demonstrated the Company's operating conditions and highlights. At the same time, the Company also communicates with small and medium-sized investors through various channels, such as the Shanghai Stock Exchange E-interaction platform, telephone hotline, email, and the investor relations column on the Company's official website. This is to listen to the demands of small and medium-sized investors and help them better understand the company's development situation.

During the Reporting Period

The Company held **4** performance briefings, interacted with investors **99** times on the E-interaction platform with a response rate of **100%**, and answered investors' phone calls **961** times.

Returns to Shareholders

In accordance with the requirements of documents such as the Regulatory Guidelines for Listed Companies No. 3—Cash Dividends of Listed Companies the Company convened the 2023 Annual General Meeting of Shareholders on May 17, 2024. The Motion on Revising the Articles of Association of the Company was deliberated and approved at the meeting. The relevant clauses regarding profit distribution were revised. The deliberation procedures and content comply with the requirements of laws and regulations, which fully protects the legitimate rights and interests of small and medium-sized investors. The dividend standards and dividend ratios are clear, and the conditions and procedures for adjusting the profit distribution policy are compliant and transparent safeguarded the legitimate rights and interests of the company and all its shareholders.

The Second Interim General Meeting of Shareholders of the Company in 2024, which was convened on November 29, 2024, deliberated and approved the Proposed Profit Distribution Plan of the Company for the First Three Quarters of 2024, and agreed that the Company would distribute a cash dividend of 0.05 yuan (including tax) per share to all shareholders. On January 9, 2025, the Company completed the implementation of this equity distribution, and distributed a total cash dividend of RMB 28,529,344.25 (tax included).

Anti-unfair Competition

The Company strictly abides by the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations. It advocates fair trade and fair competition, and is committed to maintaining a healthy competitive environment. It also aims to establish good relationships of mutual trust and mutual benefit with customers, partners, employees, and all sectors of society. In order to effectively prevent unfair competition, the Company has established a prevention system covering multiple aspects such as monitoring, rights protection, and standardized management. The Company has not been sued or subject to major administrative penalties due to unfair competition behavior.

Data
Monitoring

The Company has established a dedicated market intelligence team. This team is responsible for collecting and analyzing market dynamics information, monitoring sales data on e-commerce platforms, consumer reviews, and the sale of counterfeit and shoddy products. It can detect malicious competition behaviors in a timely manner.

Rights
Protection
Strategy

Differentiated rights protection strategies are formulated according to factors such as the severity of the infringement and the situation of the infringing party. For example, warning letters are sent for small-scale infringements, while lawsuits are taken for large-scale infringements.

Standardized
Management

The Company standardizes the management of online marketing channels, closely cooperates with e-commerce platforms, cracks down on false advertising and unfair competition behaviors, and ensures that marketing activities comply with the Advertising Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the rules of the platforms.

Case Study

Anti-Unfair Competition Training

In December 2024, Healthcare Co.,Ltd. launched a course training on the theme of anti-unfair competition on the online OA platform for all company members. The training content includes seven aspects: commercial confusion, commercial bribery, false advertising, infringement of trade secrets, false sales with prizes, commercial defamation, and unfair competition in the Internet field. Through case analysis and rule interpretation, it helps employees clearly understand the relevant national legal requirements and standardize daily business operations.



Anti-unfair Competition Law Training

During the Reporting Period

The Company carried out anti-monopoly and fair competition training, with a total of **1,789** person-times participating.

Anti-commercial Bribery and Anti-corruption

Healthcare Co.,Ltd. has formulated the Fraud Audit Management System, which strictly standardizes the internal audit process. It focuses on preventing and controlling the risks of commercial bribery, embezzlement, and fraud, and always maintains a high level of vigilance against commercial bribery, embezzlement, and fraudulent acts in its internal audit operations. The Company continuously strengthens its efforts in combating commercial bribery and embezzlement, and strictly adheres to the fraud audit management system. By systematically assessing the likelihood of fraud occurring, it maintains professional prudence regarding risks such as fraud that damages the organization's economic interests and fraud committed to seek the organization's economic interests. It promptly detects potential signs of fraud and conducts a comprehensive analysis of the possible scope and complexity involved. On this basis, the Company designs and implements targeted audit procedures. At the same time, the audit department maintains close communication with relevant management and the Board of Directors to ensure information transparency and timely decision-making, and effectively safeguard the Company's economic interests and operational security.



Anti-commercial Bribery and Corruption Measures

- The Company signs an employee integrity agreement with employees when they join the Company, and incorporates anti-commercial bribery and anti-corruption content into the employee reward and punishment system training system to educate and constrain employees to strictly abide by it;
- The Company stipulates that an integrity clause shall be added to the text of every contract concluded in the company's name. This clause is also incorporated as a key inspection item in the contract review process. By embedding anti-commercial bribery and anti-embezzlement measures into the day-to-day business operations at the front line, the Company aims to improve the effectiveness of its prevention and response strategies;
- The Company now has a complaint hotline and an audit complaint hotline to accept reports on integrity and keep the reported information strictly confidential.

During the Reporting Period

The total anti-bribery and anti-corruption training provided by the Company to employees lasted **393.89** hours, and **967** employees participated in the training; The number of management personnel who participated in the anti-commercial bribery and anti-corruption training is **40**. The signing rate of the commercial ethics documents, such as those regarding the integrity in employment, among newly recruited employees of the Company is **100%**; The Company has not had any commercial bribery or corruption incidents.

Future Outlook

Riding the wind and breaking the waves, we reflect on our original aspiration; with dedication and practical actions, we will write a new chapter. Looking into the future, although Healthcare Co.,Ltd. has gone through ups and downs, its original intention remains the same. We will go through cyclical fluctuations, maintain our value pursuit, and insist on “improving the deep sleep of human beings”. In the face of a market environment full of challenges and opportunities, we will always maintains a sense of awe and a positive mindset, and continuously enhance our core competitiveness and innovation capabilities.

Key Performance Form

Governance Performance

Indicator		Unit	2024
Economic Performance	Operating Income	RMB 10,000	844,938.62
	Total Taxes	RMB 10,000	26,013.98
General Meeting of Shareholders	Number of General Meeting of Shareholders held	Time	3
	Matters approved by General Meeting of Shareholders	Item	20
Board of Directors	Number of Board of Directors held	Time	6
	Matters approved by the Board of Directors	Item	42
	Number of board members	Name	7
	Including: Number of independent directors	Name	3
	Number of female directors	Name	1
Board of Supervisors	Number of meetings of the Board of Supervisors	Time	5
	Matters reviewed and approved by the Board of Supervisors	Item	21
	Number of the Board of Supervisors members	Name	3
	Among them: The number of employee-representative supervisors	Name	1
Compliance and internal control	Number of legal training sessions	Time	26
	Number of people trained in legal training	Person	4,437
Business Ethics	Anti-monopoly and fair competition training	Person-time	1,789
	The number of management personnel who participated in the anti-commercial bribery and anti-corruption training	Person	40
	Number of employees who participated in anti-commercial bribery and anti-corruption training	Person	967
	Total instructional hours dedicated to anti-commercial bribery and anti-graft compliance training delivered to employees	Hour	393.89
	The signing rate of the business ethics book such as the integrity and professional conduct of newly recruited employees of the Healthcare Co.,Ltd	%	100
	Commercial bribery and corruption incidents	Time	0
	Amount of money involved in lawsuits or major administrative penalties due to unfair competition by the Company	RMB 10,000	0
Party Building	Number of Party Branches	Unit	1
	Number of Party members	Person	103
	Special training for front-line Party members, Party-entry activists, and Party-development candidates in projects	Time	3
	Person-times of special training for front-line Party members, Party-entry activists, and Party-development candidates in projects	Person-time	47
Investor engagement	Number of performance briefings held	Time	4
	Number of interactions with investors on E-interaction	Time	99
	E-interaction and investor interaction response rate	%	100
	Number of investor calls received	Time	961
Information Disclosure	Number of periodic reports disclosed externally	Copy	4
	The number of interim announcements disclosed externally	Copy	120
	Number of penalties for violations in information disclosure	Time	0

Key Performance Form

Environmental Performance 

Indicator		Unit	2024
Environmental protection	Total environmental investment	RMB 10,000	260.15
	Incidents of administrative penalties imposed by relevant departments such as ecological and environmental departments due to environmental problems	Case	0
	Number of environmental training sessions	Time	11
	Number of participants in environmental training	Training participant	271
	Total hours of environmental training	Hour	521
Greenhouse gases	Total GHG Emissions	tCO ₂ e	37,690.85
	Direct GHG Emissions (Scope 1)	tCO ₂ e	2,708.17
	Indirect GHG Emissions (Scope 2)	tCO ₂ e	34,982.68
	GHG Emission Intensity	tCO ₂ e/ RMB 1 million (revenue)	4.46
	GHG Emission Reduction	tCO ₂ e	4,010.80
Energy Utilization	Comprehensive Energy Consumption	tce	9,956.12
	Including: Natural gas	m ³	906,440.71
	Diesel	Liter	231,489.50
	Gasoline	Liter	66,923.33
	Purchased heat	GJ	3,112
	Purchased Electricity	kWh	64,555,275.96
	Renewable energy (solar power generation)	kWh	2,936,217.10
	Total non-renewable energy consumption	tce	9,595.26
	Total renewable energy consumption	tce	360.86
	Comprehensive energy consumption intensity	tce/RMB 1 million (revenue)	1.18
Waste gas emissions	Waste Gas Emissions	m ³	388,338,368
	Waste Gas Emission Intensity	Cubic meters/million yuan in revenue	45,960.54

Environmental Performance ^①

Indicator		Unit	2024
Emission of various types of exhaust gas pollutants	Nitrogen oxide (NOx)	ton	0.01
	Sulfur dioxide	ton	0.21
	Volatile Organic Compound (VOC)	ton	0.08
	Particulate matter (PM)	ton	0.69
	Non-methane hydrocarbons	ton	0.70
Solid waste	Volume of non-hazardous waste generated	ton	9,773
	The intensity of non-hazardous waste generation	ton(s) per million yuan of revenue	1.16
	Total amount of hazardous waste generated	ton	226.88
	The intensity of hazardous waste generation	ton(s) per million yuan of revenue	0.03
	Waste disposal compliance rate	%	100
Water Resource Utilization	Quantity of Municipal Water Purchased	m ³	339,334.85
	Water consumption intensity	ton(s) per million yuan of revenue	40.16

①

1、The statistical scope for waste gas emissions, types of waste gas pollutants emitted, and solid waste statistics includes Healthcare Co.,Ltd., Jiangsu Nisco, Deeplant New Material, overseas production bases.

2、The statistical caliber of GHG Emission Reduction is the parent company of Healthcare Co.,Ltd.

3、The "revenue per million yuan" in greenhouse gas emission intensity, comprehensive energy consumption intensity, exhaust gas emission intensity, the waste generation amount intensity , and water consumption intensity all refers to the operating revenue in the consolidated financial statements of the Company for the year 2024.

Product Performance

Indicator		Unit	2024
Innovation-driven	Investment in R&D	RMB 10,000	14,150.59
	The proportion of R&D investment in operating revenue	%	1.67
	Participate in the formulation/revision of national standards	Item	1
	Industry-university-research cooperation projects	Number	3
	Cooperation agreements signed with educational institutions	Number	2
	Total number of authorized patents	Item	297
	Including: Cumulative number of authorized invention patents	Item	48
	Cumulative number of authorized utility model patents	Item	108
	Cumulative number of granted design patents	Item	141
Quality and safety of products and servicesZZ	Number of products that are required to be withdrawn and recalled for health and safety reasons	Case	0
	Number of participants in quality management training	Training participant	541
	Total hours of quality management training	Hour	481
	Number of quality management training sessions	Session	21
Protection of Customers' Rights and Interests	Number of customer complaints	Case	31,145
	Number of customer complaints resolved	Case	24,360
	Customer Complaint Resolution Rate	%	78.21
Data Security and Privacy Protection	Number of data security and customer privacy leakage incidents	Case	0
	Data security drills carried out	Time	1
	Number of people participating in data security drills	Person	556
Supply Chain Security	Total number of suppliers under in-stock management	Nos.	2,044
	Among them: number of suppliers with ISO 9001 Quality Management System certification	Nos.	220
	Number of suppliers with ISO 14001 Environmental Management System certification	Nos.	176
	Number of suppliers with ISO 45001 Occupational Health and Safety Management System certification	Nos.	122
	The ESG training sessions conducted for suppliers	Session	18
	The total participants in the ESG training sessions conducted for suppliers	Training participant	137
	The total duration of ESG training conducted for suppliers	Hour	137

Performance of Employee and Social Contribution

Indicator		Unit	2024 年
Labor rights	Percentage of contract workers	%	100
	Social Insurance Coverage Rate	%	100
	Incidents of child labor and forced labor	Case	0
	Welfare expenditure	RMB 10,000	28,654.41
	Amongthem: Expenditureson basic benefits	RMB 10,000	23,419.13
	Special welfare expenditure	RMB 10,000	5,235.29
	Total Number of Employees	Person	7,663
	Amongthem: Number of employees of minority nationalities	Person	646
	Number of employees with disabilities	Person	55
	Proportion of male employees	%	53
	Proportion of female employees	%	47
	Proportion of employees aged 30 and below	%	28
	Proportion of employees aged 31-40	%	36
	Proportion of employees aged 41-50	%	22
	Proportion of employees aged 51 and above	%	14
	Proportion of employees with education below bachelor's degree	%	76
	Proportion of employees with bachelor's degree	%	21
	Proportion of employees with master's degree and above	%	3
	Proportion of domestic employees	%	53
	Proportion of overseas employees	%	47
	Number of employees assisted through Rugao Charity Foundation	Person	28
	Amount of assistance through Rugao Charity Foundation	RMB 10,000	5.90
	Investment in employee training	RMB 10,000	367.69
	Number of training sessions	Session	1,229
	Total training hours	Hour	56,396
	Total number of employees receiving training	Person	7,663
Occupational health and safety	Investment in work-related injury insurance	RMB 10,000	229.35
	Coverage rate of work-related injury insurance for employees	%	100
	Coverage rate of physical examinations for employees	%	100
	The detection rate of occupational disease hazards	%	100
	Pass rate of occupational disease hazard detection	%	100
	Number of new cases of new occupational diseases	Type	0
	Number of safety training sessions	Session	120
	Number of participants in safety training	Training participant	53,673
	Total training duration	Hour	80,509
	Employee coverage rate in safety training	%	100
Contribution to Society	Hidden danger investigation and rectification rate	%	100
	Number of emergency drills for work safety	Times	29
	The total investment of the Company in external donations and public welfare projects	RMB 10,000	325.85
	Investment in Healthcare Co.,Ltd. special scholarship	RMB 10,000	121.19
	Investment in donations for Gaokao students in Dingyan	RMB 10,000	7.27

Indexes

Primary Headings	Secondary Headings	GRI Standards	CASS-ESG6.0	Shanghai Stock Exchange Self-Regulatory Guidelines for Listed Compa-nies No. 14 - Sustainability Report (Trial)
ABOUT THIS REPORT		2-2/2-3	P1.1/P1.2	Articles4, 6
Letter from Chairman		2-22	P2.1	/
About Healthcare Co.,Ltd.		2-1/2-6/2-9/201-1	P3.1-P3.3	/
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Suggestion Feedback

Thank you for reading the 2024 Environmental, Social and Governance Report of Healthcare Co.,Ltd.. In order to continue to promote ESG work and further enhance sustainable development management, we sincerely invite you to fill in the relevant questions in the feedback form and send the feedback to the Company through the following channels.

Your opinions are an important basis for the Company to continuously improve its ESG work and further enhance its sustainable development management. Thank you for your strong support for our company's ESG work!

1. Your identity is:
- ☐ Customer ☐ Investor ☐ Supplier ☐ Employee ☐ Government and regulator
- ☐ Media / Industry Association ☐ Community ☐ Others (please specify)

2. Are you satisfied with the overall report?
- ☐ Yes ☐ No ☐ General

3. Are all the information you are concerned about reflected in this year's ESG report?
- ☐ Yes ☐ No ☐ General

4. Do you think the report truthfully reflects Healthcare Co.,Ltd.'s ESG work content and its impact on stakeholders?
- ☐ Yes ☐ No ☐ General

5. Can you easily find the information you are concerned about in the report?
- ☐ Yes ☐ No ☐ General

6. Are you satisfied with the layout design of the report?
- ☐ Yes ☐ No ☐ General

7. What do you think are the deficiencies of this report?

8. Which contents of this report do you hope to be disclosed regularly?

9. Do you have any other opinions or suggestions on our company's ESG report, ESG work, and sustainable development management?

Please fill in your opinions in the form and mail it to: No. 999, Gaonan Road, Dingyan Town, Rugao City, Jiangsu Province.

Tel.: 0513-68169482
Fax: 0513-80296666-8059
Postal Code: 226521
Email: hkfoam@hkfoam.com

MLILY 梦百合®



曼联全球官方合作伙伴



Company Name: Healthcare Co.,Ltd.
Address: No.999, Gaonan Road, Dingyan Town,
Rugao City, Jiangsu Province, China.
Tel: 0513-68169482
Company Website: www.mlily.com

