



# 2025

## Environmental, Social and Governance Report

Company Name: Healthcare Co.,Ltd.

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# TABLE OF CONTENTS

About this Report	1
Message from the Chairman	3
About Healthcare Co., Ltd.	5
Sustainable Development Governance	15



## 01

### Grounded in Sustainability, Committed to a Clear Sky Future 25

Response to Climate Change	27
Environmental Compliance Management	35
Energy Utilization	39
Circular Economy	41
Pollutant Emissions	47
Waste Disposal	51
Water Resource Utilization	54
Ecosystem and Biodiversity Protection	54

## 02

### Crafted with Expertise, Dedicated to Quality Sleep 55

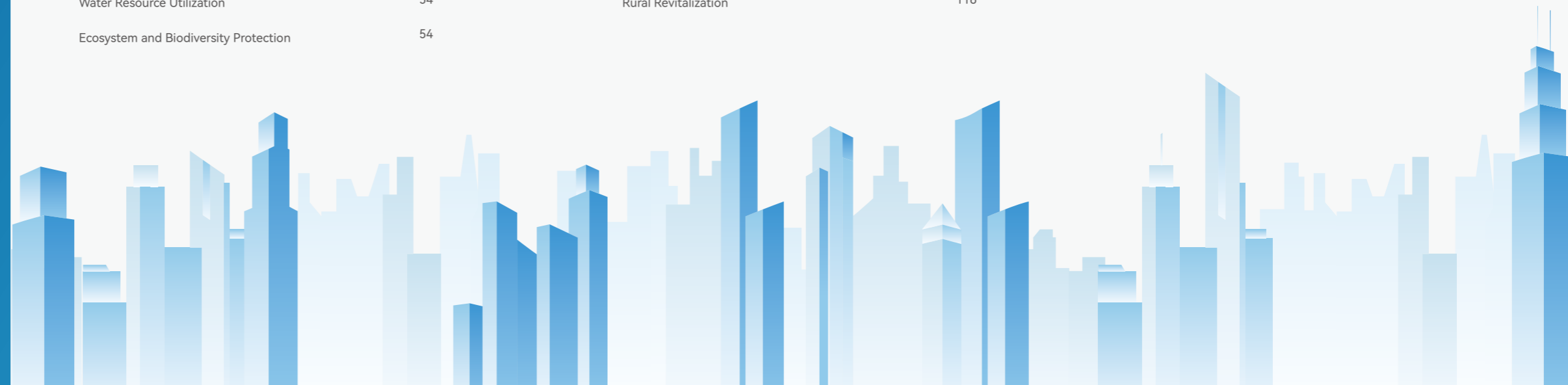
Safety and Quality of Products and Services	57
Innovation-driven Development	67
Supply Chain Security	77
Protection of Employees' Rights and Interests	84
Data Security and Customer Privacy Protection	110
Contribution to Society	113
Rural Revitalization	116

## 03

### Unified in Governance, Devoted to Lasting Progress 117

Compliance and Risk Management	119
Strong Party Leadership	125
Standardization of Corporate Governance	127
Protection of Shareholders' Rights and Interests	130
Anti-Unfair Competition	131
Anti-Commercial Bribery and Anti-Corruption	133

Future Prospects	135
Appendix	136
Key Performance	136
Indexes	146
Feedback	148



# About this Report

## Introduction

This is the third annual Environmental, Social and Governance (ESG) report released by Healthcare Co., Ltd. It provides a systematic disclosure of the Company's strategies, governance framework, management approaches, practices, performance and progress against targets across environmental, social and governance dimensions for 2025. This report aims to address the expectations and concerns of stakeholders while offering a comprehensive overview of the Company's sustainability philosophy and practices.

## Scope of Organization

This report is specific to Healthcare Co., Ltd., along with its wholly-owned and majority-owned subsidiaries. Unless otherwise specified, the scope of the Report is consistent with that of the Company's Annual Report.

## Reporting Period

This is an annual ESG report, covering the period from January 1 to December 31, 2025 (the "Reporting Period"). Certain sections may contain retrospective data from prior years or forward-looking statements to enhance completeness and comparability.

## Preparation Basis

- Shanghai Stock Exchange *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*
- Shanghai Stock Exchange *Self-Regulatory Guidelines for Listed Companies No. 4 - Preparation of Sustainability Reports (Revised in January 2026)*
- Global Reporting Initiative *Sustainability Reporting Standards (GRI Standards)* (Reference Standard)
- China Enterprise Reform and Development Society *Guide to Corporate Sustainability Reporting in China (CASS-ESG 6.0)*
- Climate-related Financial Disclosures (TCFD) Recommendations
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards

## Data Sources and Reliability Assurance

All information and data contained in the Report are sourced from the Company's official documents, internal statistical reports, or publicly available information. Unless otherwise specified, all amount in this report are expressed in RMB. The reporting boundary is defined based on the operational control approach, encompassing all entities under the Company's operational control. Unless otherwise specified, the scope of data disclosure is consistent with that of the Company's consolidated financial statements.

This report was reviewed and approved by the Company's Board of Directors on April 28, 2026.

## Appellation Description

Abbreviation	Full Name
Healthcare Co., Ltd., the Company, the Parent Company	Healthcare Co., Ltd.
Nisco	Nisco Co., Ltd.
Shanghai Mlily	Shanghai Mlily Beddings Co., Ltd.
Shanghai Henglv	Shanghai Henglv Network Technology Co., Ltd.
Nantong Zero Pressure	Nantong Zero Pressure Home Technology Co., Ltd.
Nisco (Thailand)	Nisco (Thailand) Co., Ltd.
Mlily USA, Inc	Mlily USA, Inc
MOR USA	MOR Furniture For Less, Inc.
Matresses Dreams	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.
USA West Factory	The production base in Arizona

## Access to this Report

The electronic version of this report is available on the website of the Shanghai Stock Exchange (<https://www.sse.com.cn>), the website of CNINFO (<http://www.cninfo.com.cn>) and the Company's official website (<https://www.mlily.com/cn>), where you can find additional information about the Company.

# Message from the Chairman

“  
*Evolving in Step with the Times.*  
”



In 2025, amid a market landscape characterized by both challenges and opportunities, Healthcare Co., Ltd. remained firmly anchored to its core strategy of "globalized manufacturing capacity and internationalized brand development". We proactively embedded sustainability principles across our operations and management practices, continuing to build on our proprietary "Pressure-Relieving" technology foundation. We remained committed to our mission "to enhance deep sleep for people worldwide" and our vision "to build MLILY into a globally respected brand".

#### Embedding Sustainability as the Foundation of Resilient Growth

Healthcare Co., Ltd. continues to integrate sustainability and environmental protection principles into its development strategy, progressively strengthening its environmental management systems and promoting green office practices and logistics. We've advanced a range of carbon reduction initiatives including energy conservation and emission reduction measures, and increased adoption of photovoltaic energy, thereby enhancing energy efficiency. In addition, we've implemented pollution prevention and control measures systematically to ensure compliant treatment and discharge of wastewater, waste gas and solid waste. Healthcare Co., Ltd. is committed to embedding sustainability as a defining feature of its business growth.

#### Driving Quality and Innovation through Craftsmanship

Focusing on its main businesses, Healthcare Co., Ltd. continues to advance product research, development and innovation. Supported by an experienced R&D team, we closely monitor industry trends and technological advancements, facilitating continuous product iteration and upgrading. At the same time, Healthcare Co., Ltd. is accelerating digital and information system development, leveraging digital tools to enhance product quality, strengthen risk management and improve operational efficiency. We're driving quality and efficiency enhancement through supply chain optimization and digitalized operations. In

parallel, Healthcare Co., Ltd. remains committed to employee rights and interests, fostering a healthy workplace, and contributing to shared social value through responsible corporate practices.

#### Strengthening Compliance as the Cornerstone of Sustainable Development

Guided by our core values "Collaboration, Innovation, Positive Mindset and Commitment", we continue to enhance our internal control systems and refine incentive and accountability mechanisms for directors and senior management, upholding a strong culture of compliance. Meanwhile, we adhere to strict standards of integrity, maintaining zero tolerance for commercial bribery, corruption and unfair competition, and fostering a shared sense of purpose among all employees to support sound and sustainable corporate development.

Evolving in Step with the Times. Healthcare Co., Ltd. will continue in 2026 to advance a sustainability strategy centered on mutual benefit and harmony. We will further our low-carbon transition in environmental management, deepen our social responsibility commitments and pursue continuous improvement in corporate governance—advancing with determination toward a more prosperous future.

A handwritten signature in black ink, appearing to read 'Ni Zhanggen', written in a cursive style.

Ni Zhanggen, Chairman of Healthcare Co., Ltd.

# About Healthcare Co., Ltd.

## Company Profile


Founded in 2003, Healthcare Co., Ltd. was listed on the Main Board of the Shanghai Stock Exchange on October 13, 2016 (stock code: 603313). It is one of the earliest Chinese companies engaged in the research, design, manufacturing and sales of memory foam-based home furnishings, and has since grown into a leading manufacturer and brand owner in this category.

Healthcare Co., Ltd. focuses on the development, manufacturing and sales of home furnishings designed to enhance deep sleep, including memory foam mattresses, pillows, sofas, adjustable bases and other home furnishings. Leveraging its strong ODM capabilities in design and manufacturing, the Company has concurrently advanced the development of its proprietary brand portfolio, establishing a dual-engine growth model driven by both ODM and OBM businesses. This approach underpins Healthcare Co., Ltd.'s core competitiveness, combining manufacturing excellence with brand value creation.

Under its OBM transformation strategy, Healthcare Co., Ltd. has progressively built a portfolio of proprietary brands, including "MLILY", "NISCO" and "VALUE", as well as the "Pressure-Relieving Room" concept. As domestic brands continue to gain prominence and consumer preferences evolve toward quality, the Company has seen sustained growth in the consumer perception and market share of its proprietary brands. These brands are increasingly contributing to industry innovation and shaping consumer trends, while strengthening Healthcare Co., Ltd.'s competitive position in global markets.



2008



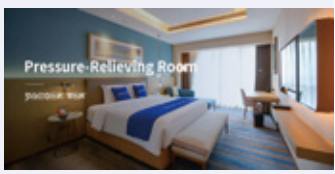
**MLILY**

Launched in 2008, MLILY is a pioneer of pressure-relieving mattresses and one of the first brands in China to introduce the "pressure-relieving" concept. Guided by its mission to "Improve People's Deep Sleep", the brand has, for over a decade, focused on the research and testing of pressure-relieving foam materials. MLILY has secured multiple international patents, ensuring that its products consistently deliver a comfortable and pressure-relieving sleep experience.

2012

**Pressure-Relieving Room**

Since 2012, Healthcare Co., Ltd. has pioneered a collaboration model with the hospitality sector to co-develop "Pressure-Relieving Rooms", designed to deliver stress-relieving and sleep-enhancing accommodation solutions tailored for business travelers. To date, Healthcare Co., Ltd. has partnered with more than 10,000 hotels across China, delivering over 1.5 million such rooms.



2021



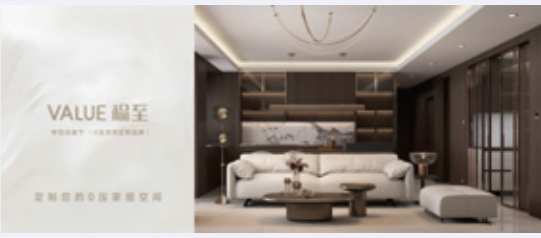
**NISCO**

Created in 2021, NISCO is Healthcare Co., Ltd.'s premium, design-led whole-home and sofa brand, encompassing the HOME and VALUE series. The HOME series integrates global design expertise and demonstrates strong original design capabilities, while the VALUE series features a modern, minimalist aesthetic and has emerged as a new presence in the market. NISCO specializes in pressure-relieving functional sofas and whole-home furnishing solutions, with core strengths in original design, patented pressure-relieving foam technology and an international development strategy. Centered on the concept of "pressure-relieving living", the brand collaborates with design teams from Italy, France, and China to deliver home solutions that integrate comfort, functionality and aesthetic appeal.

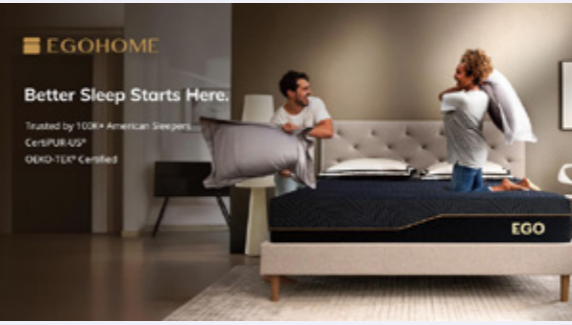
2023

**VALUE**

Launched in 2023, VALUE is Healthcare Co., Ltd.'s customized home furnishing brand, dedicated to creating comfortable, stress-relieving living environments for a broader range of households. The brand focuses on whole-home customization and turnkey delivery, offering six signature design styles: Italian, Light Luxury, Modern French, Creamy, Wabi-Sabi and Minimalist styles. Through standardized and turnkey design services, VALUE combines Healthcare Co., Ltd.'s product portfolio—including customized doors, walls, and cabinetry; living and dining room furniture systems; bedroom collections; and pressure-relieving sleep products—to deliver cohesive whole-home solutions and promote the concept of "customized pressure-relieving living spaces".

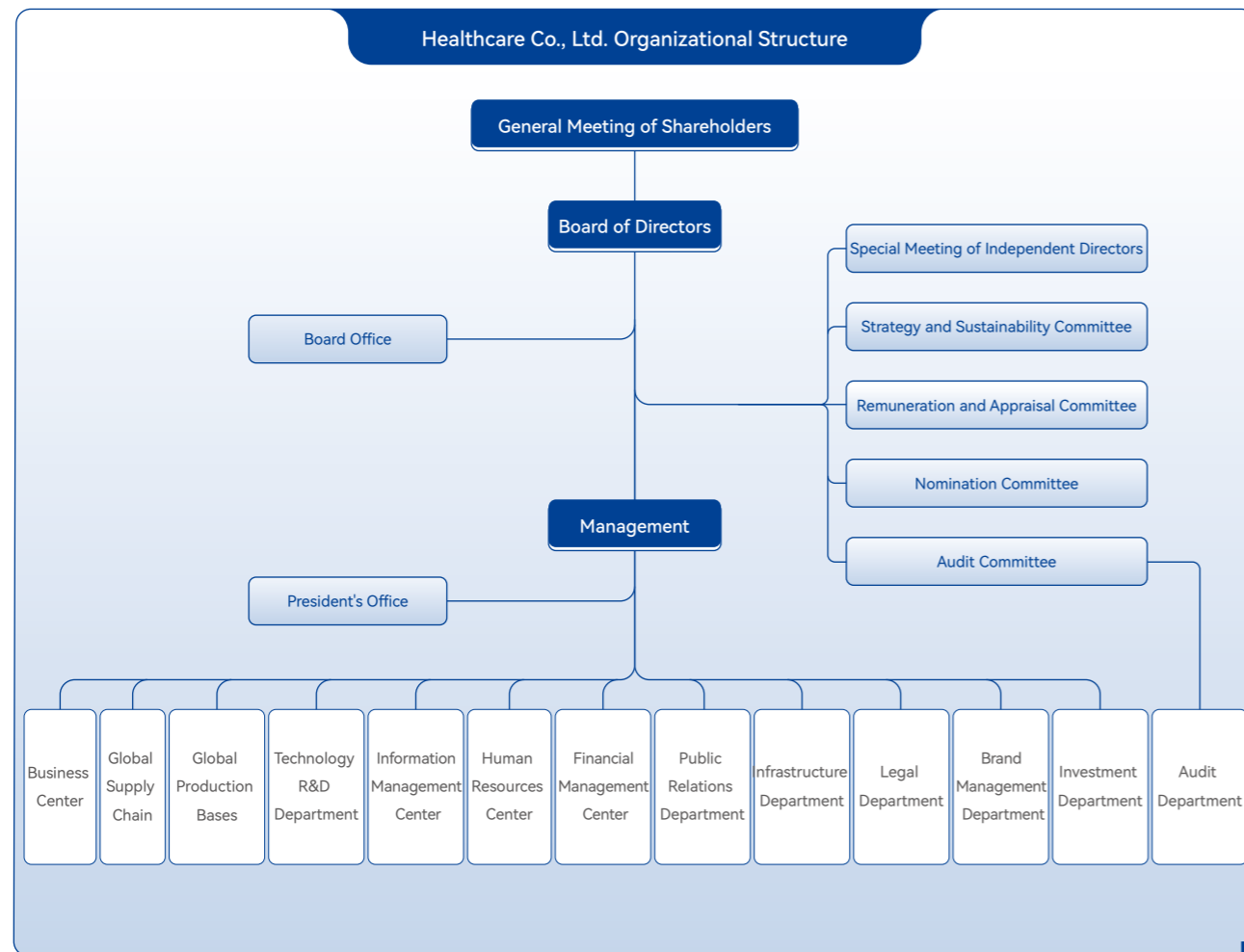


2023



**EGO HOME**

Launched in 2023, EGO HOME is Healthcare Co., Ltd.'s overseas online brand. Guided by the core philosophy of "technology-enabled comfort with a focus on individual well-being", the brand differentiates itself through continuous innovation. Its flagship EGO Black mattress series integrates proprietary graphene-based temperature regulation and copper-ion antibacterial technologies, complemented by a minimalist and modern design language, reinforcing its positioning at the intersection of advanced technology and contemporary aesthetics.



## Business Layout

Healthcare Co., Ltd. continues to advance its strategic focus on "globalized manufacturing capacity and internationalized brand development", with tangible progress in its global expansion. The Company has established six major production bases across China, the United States, Serbia, Spain and Thailand, with total annual designed production capacity exceeding RMB 10 billion, forming a scalable manufacturing network spanning both Eastern and Western markets. Leveraging key subsidiary platforms—including Shanghai Mlily, Shanghai Henglv, Nantong Zero Pressure and Mlily USA, Inc—the Company adopts a global perspective in market development and has established a digitalized marketing network with broad international coverage.

Today, Healthcare Co., Ltd.'s products are sold in more than 110 countries and regions worldwide, including the United States, Japan and the United Kingdom. With over 10,000 sales outlets globally, the Company continues to expand its market presence and brand influence. Through its portfolio of professional sleep products and innovative home solutions, Healthcare Co., Ltd. is committed to delivering more comfortable and healthier living experiences to consumers worldwide.

### Six Major Production Bases

📍 South Carolina, United States—Production Base

📍 Arizona, United States—Production Base

📍 Serbia—Production Base

📍 Thailand—Production Base

📍 Spain—Production Base

📍 Jiangsu, China—Production Base

## Corporate Culture

Vision	Mission	Values
<p>▼</p> <p>To build MLILY into a respected global brand</p>	<p>▼</p> <p>To enhance deep sleep for people worldwide and shift Chinese consumer habits away from sleeping on hard beds</p>	<p>▼</p> <p>Collaboration Innovation Positive Mindset Commitment</p>

## Milestones

2003

The predecessor of Healthcare Co., Ltd., Jiangsu Hengkang Home Technology Co., Ltd., was established.



2008

**MLILY 梦百合®** The MLILY brand was launched, with a focus on improving deep sleep solutions.

2012

The "Pressure-Relieving Room" concept was introduced, designed to deliver stress-relieving and sleep-enhancing accommodation solutions tailored for business travelers.



Healthcare Co., Ltd. successively obtained multiple international patents for non-temperature-sensitive pressure-relieving foam and formally entered the U.S. market, marking the start of its global expansion in pressure-relieving technology.



2013



Healthcare Co., Ltd. was designated as the official supplier of pressure-relief products for the China National Go Team.

2014

Healthcare Co., Ltd. entered the domestic market, while expanding into key international markets including the United Kingdom, South Korea, Japan and Germany.



2015



Healthcare Co., Ltd.'s first overseas manufacturing base in Serbia commenced operations.

2016

Healthcare Co., Ltd. was successfully listed on the A-share market (stock code: 603313) and became a global official partner of Manchester United F.C.



2017



Healthcare Co., Ltd. completed the acquisition of MATRESSES DREAMS, S.L. Healthcare Co., Ltd. expanded into the Israeli, Malaysian and Thai markets.

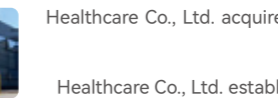
2019

Manufacturing facilities in Thailand and South Carolina, United States, commenced operations, further advancing the Company's global footprint.



Thailand Plant South Carolina Plant

2020



Healthcare Co., Ltd. acquired MOR USA, a U.S.-based home furnishings retail chain. Healthcare Co., Ltd. established a production base in Spain.

2021

A manufacturing facility in Arizona, United States, was brought into operation. Healthcare Co., Ltd. entered into a strategic partnership with MC from Germany.



2022



Healthcare Co., Ltd. launched the NISCO sofa brand.

2023

Healthcare Co., Ltd. became a partner of Three-Body, launching co-branded initiatives focused on global sleep challenges and issuing the "Caregiver Declaration".



2024



Healthcare Co., Ltd. hosted the strategic launch event for the Healthcare Co., Ltd. Pressure-Relieving Smart Home Series.

2025

The Healthcare Co., Ltd. Pressure-Relieving Hotel officially commenced operations.



# Honors and Achievements in 2025



2025.01

The No.1 Brand of Smart Bed in China  
iiMedia Research



2025.01

The No.1 Brand of Smart Bed of volume sales in China  
iiMedia Research



2025.01

The Leading Brand of Smart Bed of volume sales in China  
iiMedia Research



2025.03

2025 AWE INNOVATION AWARD  
AWE Organizing Committee, China Household Electrical Appliances Association



2025.07

Red Dot Design Award  
Zentrum Nordrhein Westfalen



2025.09

The No.1 Brand of Memory Foam Mattress in terms of volume sales in global for ten consecutive years  
iiMedia Research



2025.09

The Leading Brand of Memory Foam Mattress in Global  
iiMedia Research



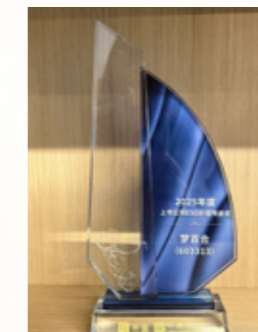
2025.09

Pioneering Non-Temperature-Sensitive Zero-Pressure Foam in Global  
iiMedia Research



2025.10

2025 Shanghai Exhibition of Courses for the Senior-Excellent Cooperative Unit  
Shanghai Education and Health Committee News Center (Shanghai Education Television Station) Shanghai University for the Senior



2025.11

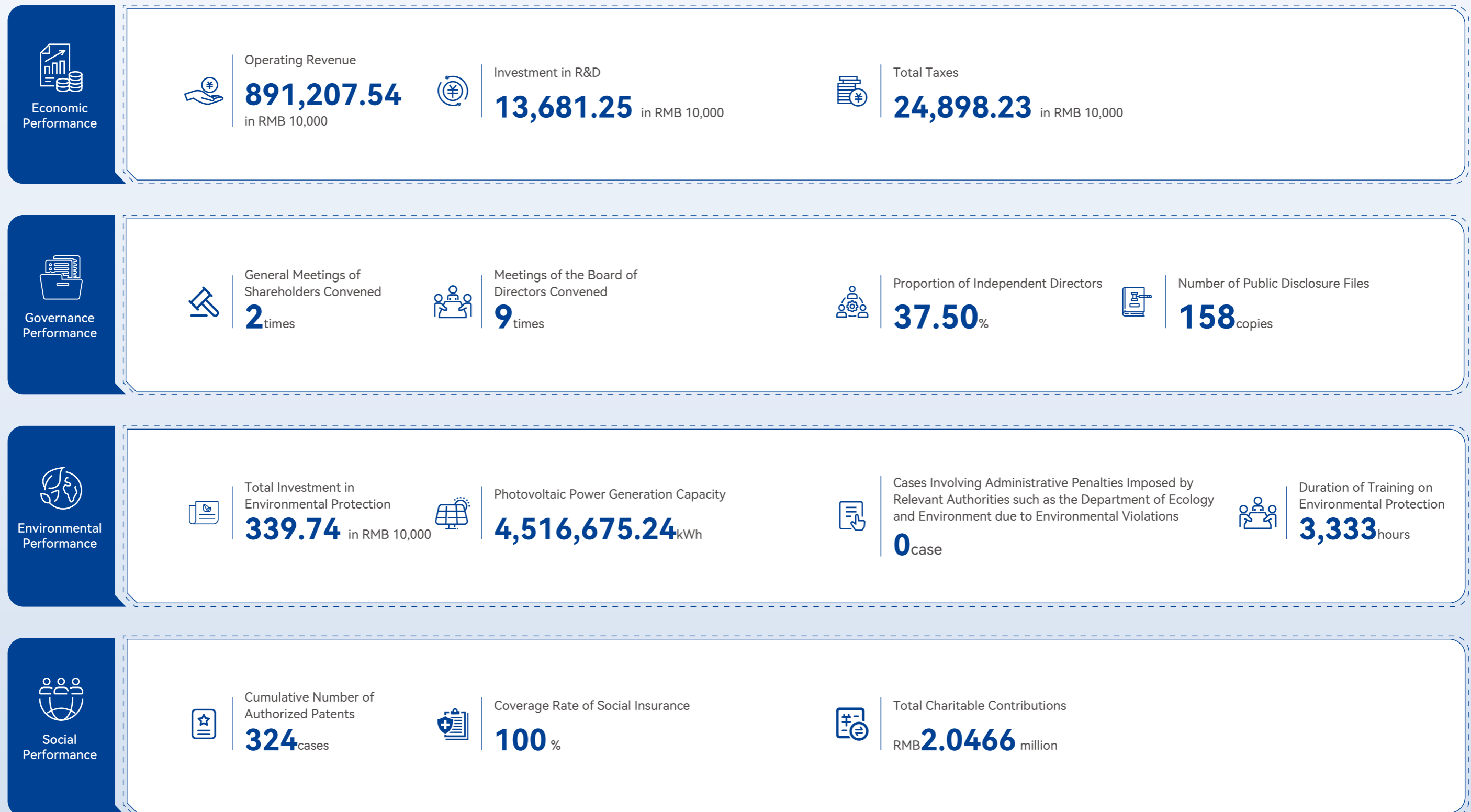
ESG Value Transmission Award for Listed Companies in 2025  
VALUEONLINE



2025.12

Quality Brand of the Year  
CHAMPION

## Performance Highlights

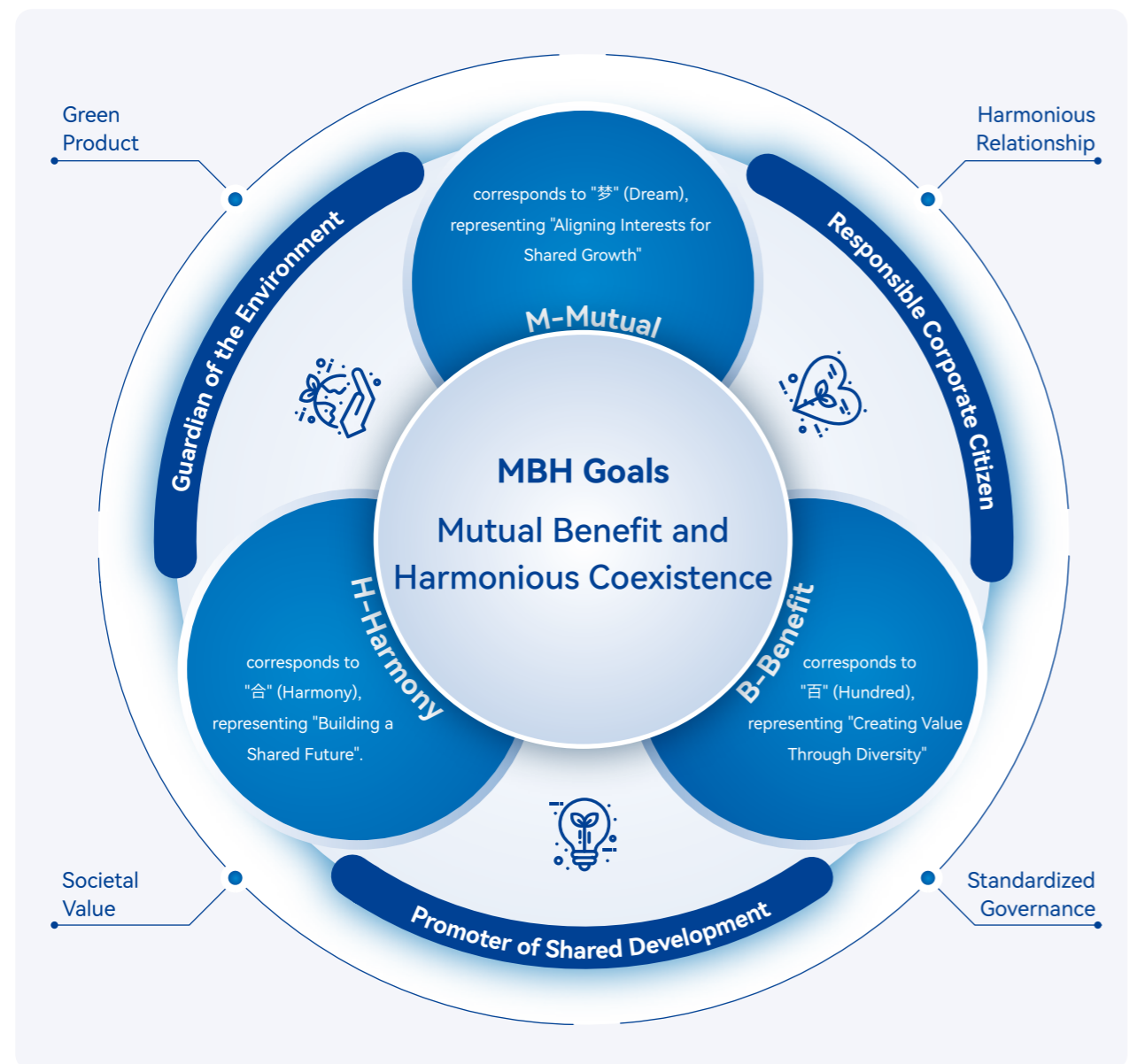


# Sustainable Development Governance

## Sustainable Development Strategy and Philosophy

Healthcare Co., Ltd. upholds the Mutual Benefit and Harmony (MBH) sustainability philosophy, with a core focus on mutual benefit and harmony, implementing ESG practices across Environmental, Social and Governance dimensions. The Company is committed to safeguarding the ecological foundation through green pressure-relieving products, strengthening development fundamentals through standardized and efficient governance, fostering collective progress through cooperative relationships, and generating diverse social value in response to societal expectations. Guided by our mission and vision, we aspire to be a guardian of the environment, a responsible corporate citizen and a driver of shared development.

Healthcare Co., Ltd. ESG Strategic Model



## M

utual

Aligning Interests for Shared Growth

**Topics**

- Protection of Employees' Rights and Interests
- Supply Chain Security
- Communications with Stakeholders
- Equal Treatment of Small and Medium-Sized Enterprises
- Compliance and Risk Management
- Anti-Unfair Competition
- Anti-Commercial Bribery and Anti-Corruption
- Due Diligence
- Strong Party Leadership
- Standardization of Corporate Governance

**Explanation**

- Build a fair and inclusive human resources system covering recruitment, compensation, benefits, career development, occupational health and safety and employee well-being to safeguard employees' rights and interests and enhance engagement.
- Establish a compliant, green, collaborative and resilient global supply chain through full lifecycle supplier management, mitigating risks associated with raw material price volatility, cross-border logistics and regulatory compliance, ensuring global capacity stability.
- Strengthen corporate governance structures and systems with clear responsibilities, effective checks and balances, and improved decision-making efficiency and operational standardization.
- Implement business ethics, compliance and risk management systems to prevent legal, operational, audit and tax risks, fostering a culture of compliance across the organization.

**SDGs**

3 良好健康与福祉

5 性别平等

8 体面工作和经济增长

10 减少不平等

11 可持续城市和社区

16 和平、正义与强大机构

17 促进目标实现的伙伴关系

## B

enefit

Creating Value through Diversity

**Topics**

- Safety and Quality of Products and Services
- Innovation-driven Development
- Protection of Shareholders' Rights and Interests
- Science and Technology Ethics
- Data Security and Customer Privacy Protection
- Contribution to Society
- Rural Revitalization

**Explanation**

- Apply full lifecycle product management to strengthen product core competitiveness, protect customer rights and maintain brand reputation.
- Drive technological innovation, product R&D and intellectual property protection, leveraging industry-academia collaboration and incentive mechanisms to enhance product value and industry competitiveness.
- Operate in strict compliance with data security and personal information protection regulations, establishing a secure data lifecycle management system to safeguard customer privacy and core company data.

**SDGs**

1 无贫穷

2 零饥饿

4 优质教育

9 产业、创新和基础设施

# H

## armony

Building a Shared Future

### Topics

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

### Explanation

- Comply with environmental laws and regulations, ensuring operational environmental compliance through risk prevention, hazard identification and emergency response measures.
- Support China's carbon peaking and carbon neutrality goals by embedding green and low-carbon principles into the Company's strategy and operation, identifying climate-related physical and transition risks, and reducing the corporate carbon footprint through clean energy adoption, energy efficiency improvement and emissions reduction initiatives, thereby enhancing climate resilience.

### SDGs

6 清洁饮水和卫生设施

7 经济适用的清洁能源

12 负责任消费和生产

13 气候行动

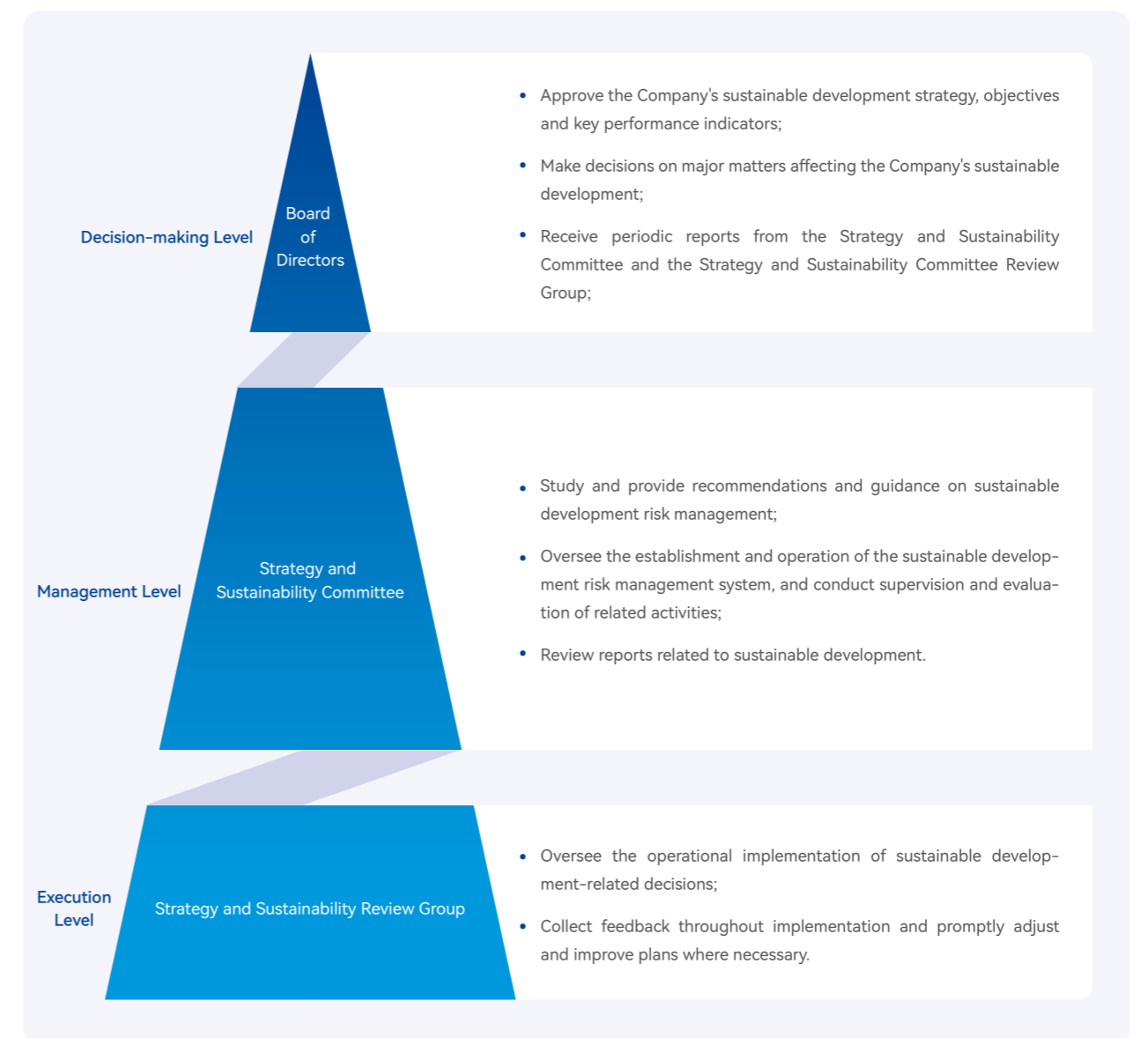
14 水下生物

15 陆地生物

## Governance Framework for Sustainable Development

Adhering to the principles of "comprehensiveness, prudence, independence, effectiveness and timeliness" in managing sustainability, Healthcare Co., Ltd. has established the *Sustainable Development Risk Management System* and the *Implementation Rules for the Strategy and Sustainability Committee*, forming a top-down "decision-management-execution" governance framework. We've built a comprehensive sustainable development risk management system and continuously improved the sustainable development risk management process, which enables us to implement sustainable development in a standardized, efficient and well-organized manner, thereby supporting long-term stable operations and sustainable value creation.

### ESG Governance Framework



To strengthen the professional capabilities of personnel involved in ESG work, Healthcare Co., Ltd. actively engages employees in ESG-focused training programs and partners with third-party institutions to enhance sustainable development expertise and support ESG report preparation. These initiatives ensure continuous improvement in the Company's ESG governance.

**Case** ESG-focused Training



In 2025, Healthcare Co., Ltd. participated in ESG-focused training organized by the Shanghai Stock Exchange, attending two on-site sessions. The training emphasized the disclosure scope and quality in sustainability reporting and was tailored to the operational needs of listed companies. Key topics included: Interpretation of sustainability reporting guidelines for listed companies; Guidance on preparing sustainability reports for listed companies; Carbon emission accounting methodologies; Compliance and practical implementation of sustainability reporting by listed companies; Key criteria in sustainability assessments by rating agencies; and Industry best practice case studies.

Through systematic and professional training, Healthcare Co., Ltd. strengthened its understanding of ESG reporting standards and updated regulatory requirements, accurately grasping information disclosure standards and industry practices. This has significantly enhanced the Company's ability to deliver compliant, accurate and high-quality ESG disclosures, laying a solid foundation for continuously refining the Company's ESG governance system, improving disclosure quality, and advancing high-quality ESG practices.



ESG Training

## Due Diligence

Healthcare Co., Ltd. adopts a risk-based audit approach, dynamically deploying audit resources in alignment with a comprehensive risk map to identify and manage ESG-related risks. We conduct in-depth analyses of risk drivers and potential impacts, and collaborate with relevant business units and audit targets to design actionable, measurable and verifiable remediation plans. Corrective responsibilities are clearly assigned to individuals, with progress fully documented to ensure traceability. A dedicated fraud risk management system is in place to safeguard organizational economic interests. We maintain professional vigilance over risks such as fraudulent acts that could harm the organization and those intended to derive economic benefits. Anomalous signals are subject to targeted audits, with real-time alerts provided to governance bodies. Audit findings are translated into management improvement actions, reinforcing the Company's risk control framework and supporting sustainable and resilient business growth.

## Communications with Stakeholders

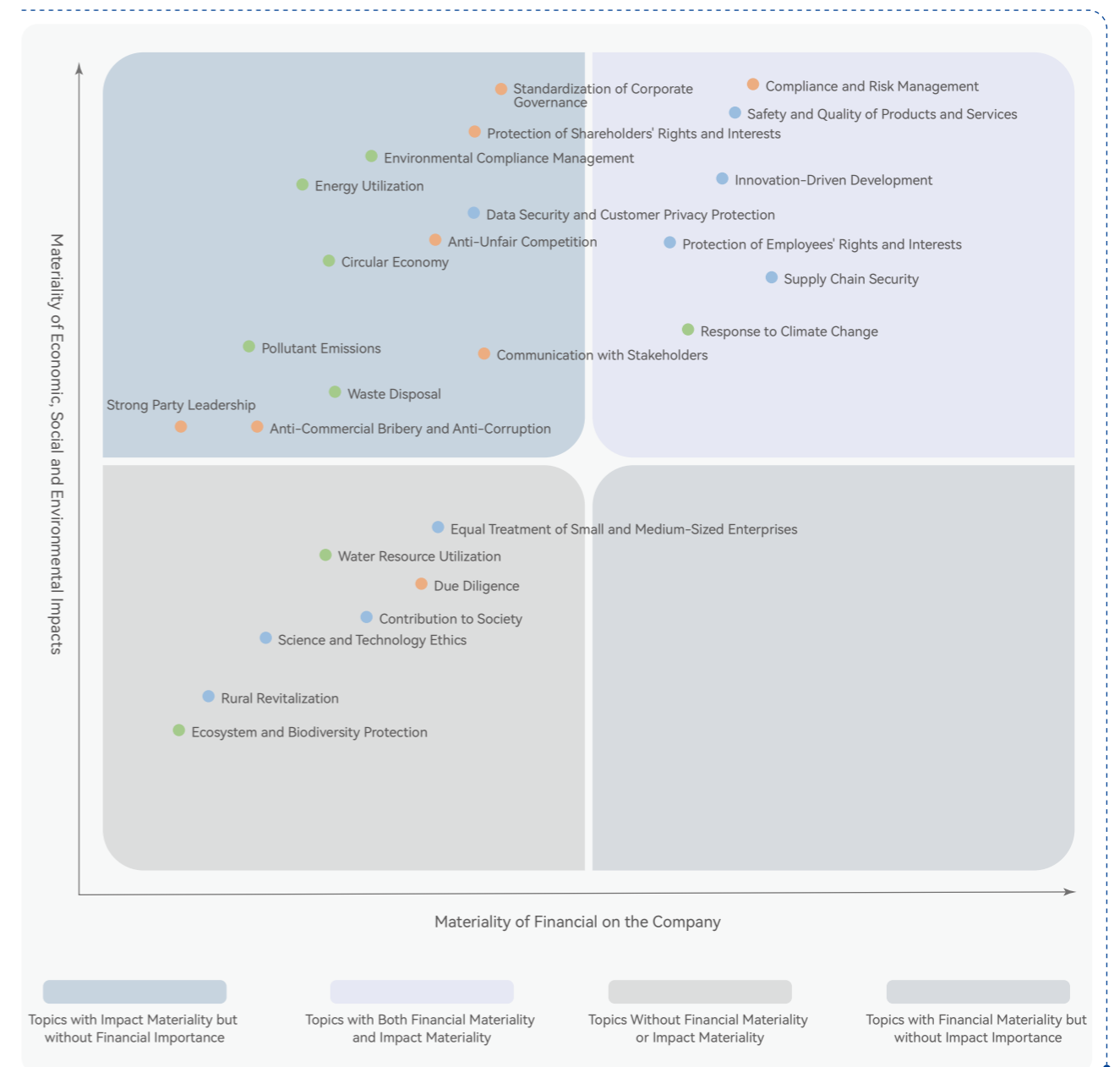
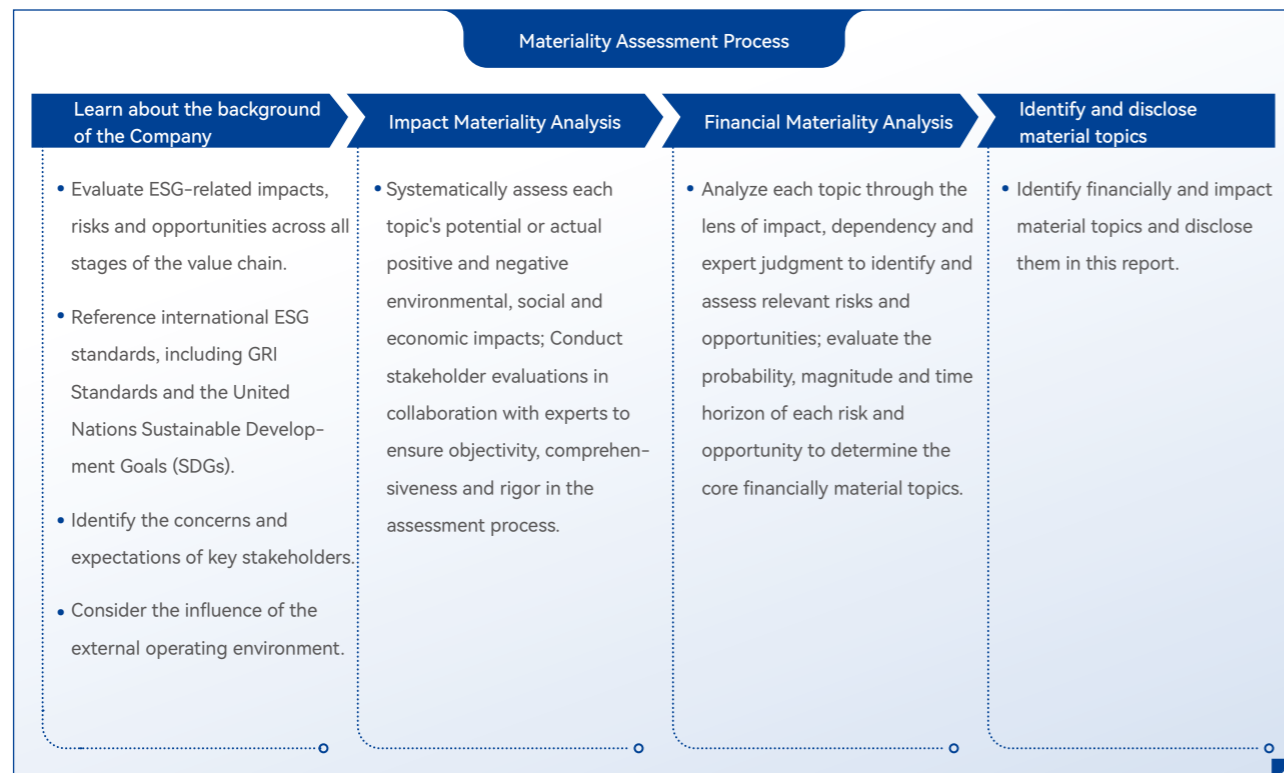
Healthcare Co., Ltd. places stakeholder engagement and collaboration at the core of its sustainability strategy. By comprehensively identifying key stakeholders—including government authorities, shareholders, customers and employees—the Company actively builds internal and external communication platforms to listen to stakeholder expectations and concerns and integrate feedback into decision-making processes. Through diverse engagement channels—such as information disclosures, earnings briefings, dedicated investor hotline and email correspondence—Healthcare Co., Ltd. maintains ongoing dialogue, strengthens stakeholder relationships, addresses concerns proactively and fosters shared value creation.

Stakeholders	Demands and Expectations	Communication Channels	Communication and Response
<p>Government or Regulatory Agencies</p>	<ul style="list-style-type: none"> <li>Integrity and Legal Compliance</li> <li>Tax Contribution</li> <li>Environmental Compliance Management</li> <li>Promoting Economic Development</li> <li>Fulfilling Social Responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Information Disclosure</li> <li>Interviews</li> <li>Environmental Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Compliant Operation</li> <li>Tax Compliance</li> <li>Environmental Monitoring</li> <li>Creating Employment Opportunities</li> </ul>
<p>Shareholders and Investors</p>	<ul style="list-style-type: none"> <li>Protection of Shareholders' Rights and Interests</li> <li>Transparency in Information Disclosure</li> <li>Investor Relations Management</li> <li>Enhancing Company Valuation</li> </ul>	<ul style="list-style-type: none"> <li>General Meetings of Shareholders</li> <li>Earnings Briefings</li> <li>SSE E-Interaction Portal</li> <li>Investor Hotlines</li> <li>On-site Visits</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening Corporate Governance</li> <li>Lawful Information Disclosure</li> <li>Diversified Investor Communication</li> <li>Standardized Market Value Management</li> </ul>
<p>Customers</p>	<ul style="list-style-type: none"> <li>Information Security and Customer Privacy Protection</li> <li>Delivery of High-quality Products and Services</li> <li>Protection of Customers' Rights and Interests</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day Operational Communication</li> <li>After-sales Service</li> <li>Satisfaction Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Sound Data Security Management System</li> <li>Product Quality Management</li> <li>Responsible Marketing</li> </ul>
<p>Suppliers</p>	<ul style="list-style-type: none"> <li>Sustaining Positive Partnerships</li> <li>Transparent Procurement</li> <li>Mutually Beneficial Partnerships</li> <li>Information Sharing</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day Communication</li> <li>Training Programs</li> <li>Supplier Inspections</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Audits and Supervision</li> <li>Anti-Commercial Bribery</li> <li>Strategic Collaboration</li> <li>Industry Exchanges and Training</li> </ul>
<p>Employees</p>	<ul style="list-style-type: none"> <li>Equal Employment Opportunities</li> <li>Sound Career Development Channel</li> <li>Employee Care and Welfare</li> <li>Occupational Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>Internal Communication</li> <li>Performance Review</li> <li>Employee Congress</li> </ul>	<ul style="list-style-type: none"> <li>Protection of Employees' Rights and Interests</li> <li>Career Advancement Pathway</li> <li>Remuneration and Benefit System</li> <li>Work Safety Management</li> </ul>

Stakeholders	Demands and Expectations	Communication Channels	Communication and Response
 Industry Associations	<ul style="list-style-type: none"> <li>• Technological innovation</li> <li>• Contribution to Industry Development</li> </ul>	<ul style="list-style-type: none"> <li>• Daily Communication</li> <li>• Industry Association Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Fostering Innovation</li> <li>• Promoting Standardization</li> </ul>
 NGOs or Communities	<ul style="list-style-type: none"> <li>• Community Involvement</li> <li>• Focus on Disadvantaged Groups</li> </ul>	<ul style="list-style-type: none"> <li>• Community Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Active Engagement in Public Welfare Activities</li> <li>• Multi-channel Support Programs</li> </ul>
 Media	<ul style="list-style-type: none"> <li>• Accepting Social Oversight</li> <li>• Sustaining Positive Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Phone Calls</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced Information Disclosure</li> <li>• Strengthening Routine Communication</li> </ul>

## Analysis of Material Topics

During the reporting period, there were no material changes to Healthcare Co., Ltd.'s business model or operating environment. In line with the principle of double materiality, the Company, following internal assessment, continued to apply the dual-dimensional framework of financial materiality and impact materiality from the previous year to conduct ongoing substantive reviews of material ESG topics. Through a systematic process of screening and validation, the Company has established a robust and scientifically grounded materiality matrix, ensuring the rigor and continuity of topic management while effectively responding to stakeholders' concerns.



Materiality Level	ESG Topics
Topics with Both Financial Materiality and Impact Materiality	Compliance and Risk Management, Safety and Quality of Products and Services, Innovation-Driven Development, Protection of Employees' Rights and Interests, Supply Chain Security, Response to Climate Change
Topics with Impact Materiality but without Financial Importance	Standardization of Corporate Governance, Protection of Shareholders' Rights and Interests, Data Security and Customer Privacy Protection, Environmental Compliance Management, Energy Utilization, Anti-Unfair Competition, Circular Economy, Pollutant Emissions, Communications with Stakeholders, Waste Disposal, Anti-Commercial Bribery and Anti-Corruption, Strong Party Leadership
Topics Without Financial Materiality or Impact Materiality	Equal treatment of Small and Medium-Sized Enterprises, Water Resource Utilization, Due Diligence, Contribution to Society, Science and Technology Ethics, Rural Revitalization, Ecosystem and Biodiversity Protection

Healthcare Co., Ltd. recognizes that certain ESG topics are not financially or impact material for the Company. The reasons are as follows:

Dimension	Topic	Reason
Environmental	Water Resource Utilization	Production processes do not involve high water consumption, and water use is effectively controlled.
	Ecosystem and Biodiversity Protection	The Company operates in strict compliance with laws and regulations, with no material adverse effect on ecosystems or biodiversity.
Social	Equal Treatment of Small and Medium-Sized Enterprises	Fair collaboration mechanisms are in place, with no discriminatory clauses against SMEs.
	Contribution to Society	The Company regularly carries out CSR initiatives such as the Healthcare Co., Ltd. Scholarship and mattress donations to high school students in Dingyan Town. However, social welfare and rural revitalization are not core strategic priorities, and these topics do not have a significant impact on financial performance or stakeholder relations.
	Rural Revitalization	
Science and Technology Ethics	The Company has not engaged in high-risk technologies, including gene editing, and no technology ethics-related controversies arose during the reporting period.	
Sustainable Development Governance	Due Diligence	Due diligence serves as the foundational process for the Company's identification and analysis of various ESG topics. The Audit Department conducts internal due diligence on a regular basis, relying on a risk-oriented audit model and risk mapping to progressively enhance the compliance management system. Internal processes are relatively mature. At the same time, the Company maintains stable cooperation with upstream and downstream customers and suppliers. The relevant topics have limited financial impact on the Company and limited material environmental or social impact.



# Grounded in Sustainability, Committed to a Clear Sky Future

Response to Climate Change	27
Environmental Compliance Management	35
Energy Utilization	39
Circular Economy	41
Pollutant Emissions	47
Waste Disposal	51
Water Resource Utilization	54
Ecosystem and Biodiversity Protection	54



# Response to Climate Change

In response to global climate challenges, Healthcare Co., Ltd. actively supports China's carbon peaking and carbon neutrality goals, embedding green and low-carbon development as a core foundation for the Company's long-term growth, and integrating sustainability principles into both strategic planning and day-to-day operations. By aligning with national policy directives and industry development trends, we've continuously enhanced our end-to-end green value chain management system, aiming to transform sustainable development into product competitiveness, brand value and a driver of high-quality growth.



## Governance

In response to China's carbon peaking and carbon neutrality strategy, Healthcare Co., Ltd. has established a sustainability governance framework led by the Strategy and Sustainability Committee, with support from the Review Group under that Committee. This framework implements a clear, hierarchical accountability structure. Concrete initiatives, such as the adoption of clean energy and improvements in energy efficiency, enable the seamless integration of climate governance with business operations. In November 2025, to strengthen employees' sustainability and low-carbon awareness, the Company organized targeted training on climate change and sustainability management for workshop supervisors and team leaders. The program covered ESG concepts, the business impacts of climate change, emerging opportunities and priority action areas. Through this training, employees gained a deeper understanding of climate change and sustainability management and were empowered to apply these principles effectively in operational practices.



Training on Climate Change and Sustainability Management

## Strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) framework, Healthcare Co., Ltd. systematically identifies and assesses climate-related risks and opportunities. By integrating industry characteristics and operational realities, we have developed targeted mitigation and adaptation strategies.

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact <sup>1</sup>	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Physical Risks	Natural Disaster Risks	Low	High	Medium to long term	Operations	Medium	Increase in operating costs and decrease in operating revenue	Establish emergency response protocols and maintain a safety stock of critical materials to ensure continuity across supply chains and production lines.
	Chronic Climate Change Risks	Low	Medium	Medium to long term	Operations	Low	Increase in operating costs and decrease in operating revenue	Develop diversified supplier networks to reduce dependency on any single region, and optimize inventory management to maintain dynamic safety stock levels.

<sup>1</sup>All financially material topics in this report are defined according to the following time horizons: short term - within one year (inclusive); medium term - one to five years (inclusive); and long term - more than five years.

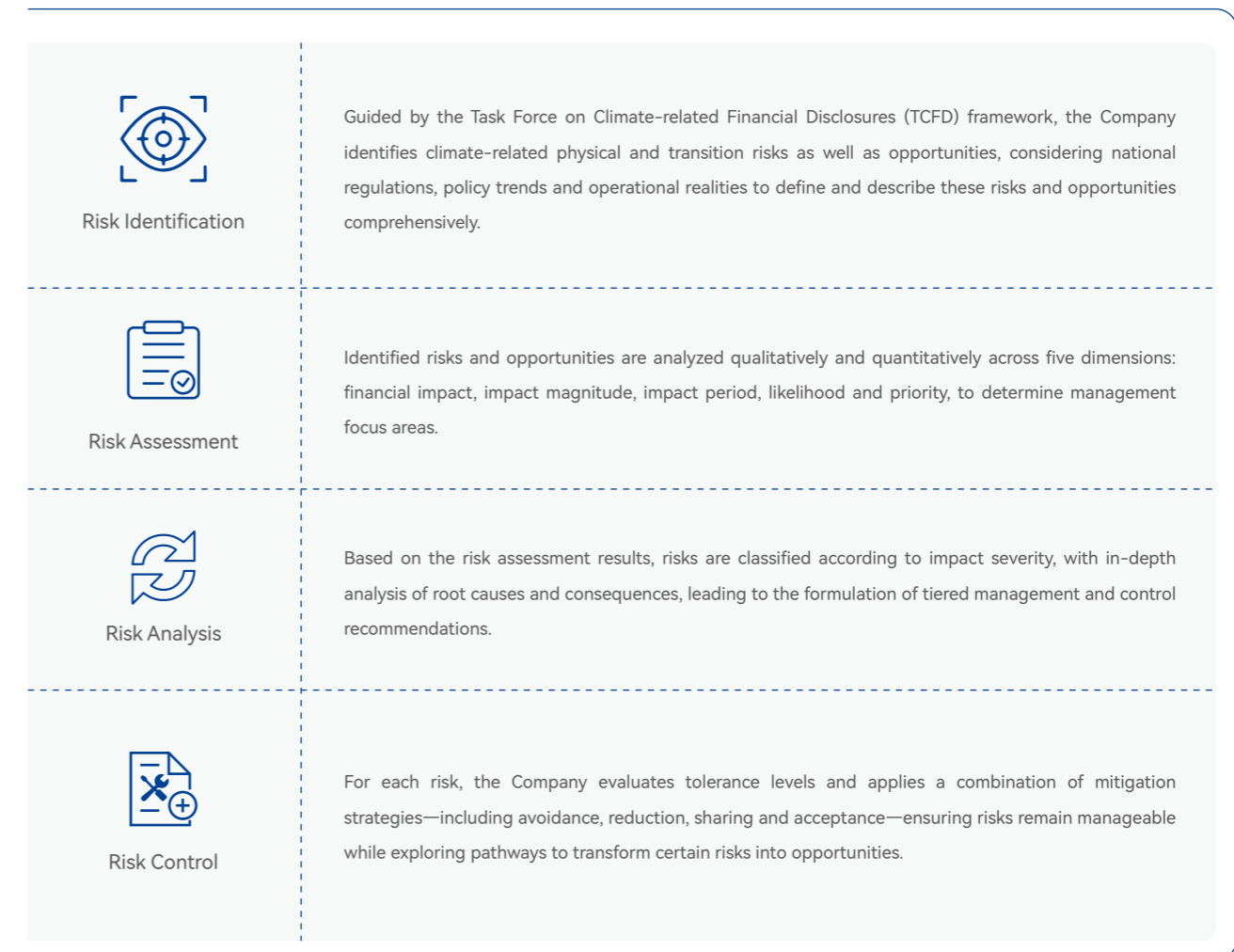
Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Transition Risks	Policy and Legal Risks	Low	High	Short-term to Medium-term	Operations	Medium	Increase in Non-Operating Expenses	Continuously monitor and analyze climate-related policies and regulations, effectively identifying and managing associated risks and opportunities; strengthen carbon compliance management, ensuring regulatory and disclosure compliance.
	Technology Risks	Medium	High	Short-term to Medium-term	Operations	High	Increased R&D investment	Plan R&D investment rationally, pursue continuous technological innovation, and improve energy efficiency.
	Product technology development may fall behind schedule.	Low	Medium	Short-term to Medium-term	Operations	Medium	Increased R&D investment	Monitor the entire R&D process, adjust timelines as necessary, and actively attract and retain research talent.

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Transition Risks	Resource Utilization Risks	Low	Medium	Medium to long term	Upstream, operations	Medium	Increased material procurement and operating costs	Establish diversified sourcing channels, monitor raw material price trends among suppliers, and strengthen resource efficiency management to mitigate the impact of price volatility.
	Reputation Risks	Low	Medium	Medium to long term	Operations, downstream	Medium	Reduction in operating revenue	Actively address climate challenges and engage stakeholders proactively to meet public expectations, safeguard brand reputation and promote a positive corporate image.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Energy Substitution	Reduce CO <sub>2</sub> emissions through the adoption of photovoltaic (PV) power and lowering purchased electricity.	High	High	Medium to long term	Operations	High	Reduction in operating costs	Implement cleaner, higher-efficiency energy solutions and expand PV usage.
Market Opportunities	With growing public interest in green production, leadership in sustainable practices among peers may attract more consumers. Customers have increasing demands for low-carbon products and services.	High	High	Medium to long term	Operations	Medium	Increase in operating income	Promote green procurement, packaging and production; integrate environmental factors such as GHG emissions into supplier evaluation systems to drive a green, low-carbon supply chain transformation; leverage multi-channel communication and advocacy to enhance public recognition and acceptance of the Company's sustainability practices and low-carbon products.

## Impact, Risk, and Opportunity Management

Healthcare Co., Ltd. integrates climate change into an organization-wide risk management framework. In alignment with the *Sustainability Risk Management System*, the Company has established a structured process to identify, assess, analyze and control climate-related risks and opportunities, and has implemented targeted mitigation and adaptation measures.



## Metrics and Targets

In alignment with China's carbon peaking and carbon neutrality goals, Healthcare Co., Ltd. has established greenhouse gas (GHG) reduction targets. As of the end of the reporting period, we've achieved our 2025 emissions reduction goals.

Indicator	Targets	Achievement
CO <sub>2</sub> Emissions	Increase annual photovoltaic (PV) electricity usage by 5% in 2025, reducing CO <sub>2</sub> emissions by approximately 110 tons.	Achieved
	Increase PV electricity usage by 2-3% in 2026, reducing CO <sub>2</sub> emissions by 58 tons.	Steadily progressing

## Transition Plan

To advance a low-carbon development pathway, Healthcare Co., Ltd. has implemented a phased climate transition plan that integrates organizational development, target setting and operational optimization.

Key initiatives include increasing PV electricity usage to reduce CO<sub>2</sub> emissions and conducting climate adaptation assessments. Given the Company's non-high-carbon industry profile and the low-carbon characteristics of its products, the plan prioritizes upstream high-carbon input areas—such as fabric procurement—by selecting recyclable yarns and sustainable textiles. This approach balances supply chain carbon constraints while responding to customer demand for greener products, thereby enhancing climate resilience.

Planning	Targets
Short-Term (1-2 years)	<p>Talent development and governance mechanisms: Establish or strengthen the climate and sustainability team, set up a climate governance structure, and define roles and responsibilities.</p> <p>Target setting and training: Establish short-term emission reduction targets aligned with the Company's climate vision, and increase PV electricity usage to reduce CO<sub>2</sub> emissions; conduct in-house training to enhance employee understanding of and engagement in climate action.</p>
Medium term (3-5 years)	<p>Leveraging low-carbon advantages: Focus on improving energy efficiency and using clean energy to create competitive advantages; promote low-carbon products and services to meet evolving market demand.</p> <p>Ongoing emission reduction: Monitor progress regularly and adjust strategies as necessary.</p>
Long term (over 5 years)	Promote clean energy usage, optimize production processes, and improve resource efficiency and operational flexibility.

## Greenhouse Gas Emission Management

As a home furnishing manufacturing company, Healthcare Co., Ltd.'s GHG emissions primarily originate from three operational segments: product manufacturing, logistics and transportation, and day-to-day office operations. In terms of emission categories, Scope 1 covers direct emissions from the combustion of fuels such as natural gas, gasoline and diesel; Scope 2 encompasses indirect emissions associated with purchased electricity and heat. Carbon dioxide (CO<sub>2</sub>) represents the predominant GHG. To address these emissions, the Company implements a multi-dimensional approach, including optimizing the energy mix, driving technological upgrades and promoting green office practices, systematically advancing its emissions reduction efforts.

GHG Emission		
Indicator	Unit	2025
Total GHG Emissions	tCO <sub>2</sub> e	161,513.43
Direct greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	122,694.06
Indirect greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	38,819.37
GHG Emissions Intensity	tCO <sub>2</sub> e/ RMB 1 Million (Operating Revenue)	18.12
Reduction of GHG emissions	tCO <sub>2</sub> e	3,708.19

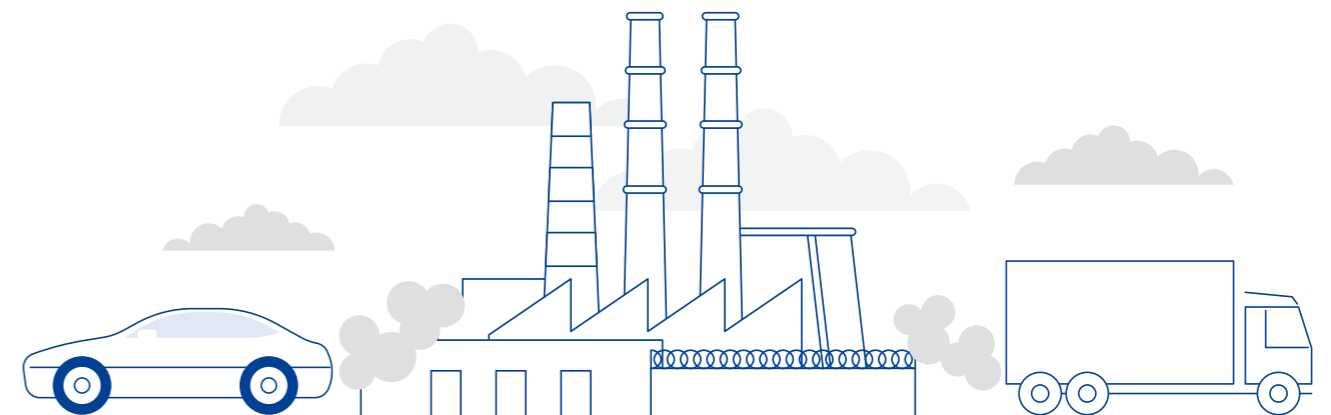
Description of Data: Compared with the previous year, the 2025 statistical scope introduces two new metrics: Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG).

The reduction in GHG emissions is equivalent to the GHG emissions offset by photovoltaic power generation.

Scope 1: Direct GHG emissions from company-owned or controlled sources (natural gas, gasoline and diesel)

Scope 2: Indirect GHG emissions from purchased electricity and heat

GHG emission accounting follows the *Guidelines for Greenhouse Gas Accounting and Reporting for Other Industrial Enterprises (Trial)*, the *2022 Power Grid CO<sub>2</sub> Emission Factors* and the *China Electric Power Industry Annual Development Report 2024*.



# Environmental Compliance Management

## Environmental Management System

In alignment with China's 15th Five-Year Plan on green and low-carbon transformation and circular economy development, Healthcare Co., Ltd. rigorously complies with the *Environmental Protection Law of the People's Republic of China* and related regulations in environmental management practices. We've established an environmental management policy emphasizing clean production, energy conservation, resource protection, regulatory compliance, behavioral standardization and continuous performance improvement. Supporting this policy, we have developed key management systems, including the *Policy of Environmental Management System* and the *Environmental Factor Identification and Evaluation Management Procedure*, and established an Environment, Health & Safety (EHS) Department staffed with dedicated environmental engineers to coordinate and implement environmental management programs. Regular environmental monitoring is conducted to ensure compliance and control throughout all production and operational processes. By the end of the reporting period, both Healthcare Co., Ltd. and its subsidiary Nisco had obtained environmental management system certification.



Environmental Management System Certificate

### [ During the Reporting Period ]

The Company invested RMB **3,397,400** in environmental protection and reported no cases of major administrative penalties imposed by competent authorities such as the ecological environment department due to environmental violations.

## Management of Environmental Risks

### Risk Prevention and Control

To strengthen environmental safety, Healthcare Co., Ltd. has developed a standardized risk prevention and control mechanism in accordance with the *Environmental Factor Identification and Evaluation Management Procedure* and the *Guidelines for Risk Assessment of Sudden Environmental Events in Enterprises (Trial)*. The process follows five structured steps: documentation preparation and risk identification; analysis of potential consequences of environmental incidents; assessment of environmental risk prevention and emergency response gaps; formulation of environmental risk control and response plans; and classification and grading of environmental incident risks. Through systematic identification, classification and control of environmental risks across all operational processes, and by implementing targeted mitigation measures and environmental monitoring plans, the Company achieves closed-loop environmental risk management, effectively enhancing preemptive risk control capabilities and operational oversight, thereby ensuring stable and secure production operations.



### Case

#### Training on Hazard Identification and Control

In July 2025, Healthcare Co., Ltd. conducted a targeted training program on hazard identification and control. The program covered core objectives of hazard control, providing systematic instruction on hazard classification standards, identification methods and study of typical cases, with particular emphasis on designing and implementing preventive measures. The training significantly strengthened employees' risk identification capabilities and on-site safety management skills.



Training on Hazard Identification and Control

## Identification of Potential Hazards in Environmental Protection

Healthcare Co., Ltd. has established a three-tier environmental risk inspection system, consisting of: self-inspections at the post level; regular operational inspections; and professional assessments as a supplementary measure. Key operational areas—including production workshops, storage facilities and environmental protection installations—are systematically inspected to identify potential hazards. This continuous improvement process ensures that environmental risk management measures are effectively implemented.

## Environmental Emergency Management

To standardize the Company's management of environmental emergencies and enhance its preparedness and response capabilities and in accordance with relevant national laws, regulations and internal policies regarding environmental management, Healthcare Co., Ltd. operates under a "unified command, tiered responsibility" system to ensure effective emergency coordination, guided by the principle of "people first, harm minimized". An Emergency Command Center has been established to define roles and responsibilities across all levels, reinforcing accountability and leveraging the full function of each emergency response unit. This structure promotes coordinated, tiered and fully executed responses. By integrating internal and external resources, the Company ensures rapid and effective handling of environmental incidents. We also maintain ongoing environmental emergency awareness campaigns and training, supplemented by regular drills based on our emergency response plans. These efforts continuously strengthen employees' awareness and practical skills to respond effectively to environmental emergencies, ensuring a rapid and competent reaction while safeguarding ecological and environmental security.

## Training on Environmental Protection

Healthcare Co., Ltd. promotes an environmental protection culture through an ongoing training program, delivering regular environmental education to all employees. Training is closely aligned with the latest national environmental laws, regulations and industry standards, and systematically interprets the Company's environmental management system requirements and key control measures for employees at all levels and positions. This approach effectively enhances professional competence and environmental responsibility awareness, ensures implementation of environmental management systems, and embeds the principles of green development into day-to-day operations, translating corporate social responsibility into concrete actions.

### [ During the Reporting Period ]

The Company conducted **91** environmental training sessions, with a total of **934** (person-times) participants and a cumulative training duration of **3,333** hours.

### Case

#### Training on Environmental Management Procedure



On August 26, 2025, Healthcare Co., Ltd. organized a specialized awareness campaign to explain environmental management procedural documents, emphasizing the control requirements for various environmental factors. The training incorporated warning lessons from typical violations in Jiangsu Province. This training session strengthened employees' theoretical knowledge of environmental protection and enhanced their awareness of compliance and risk prevention, thus reinforcing the foundation for continuous improvement of the Company's environmental management.



Training on Environmental Management Procedure

## Environmental Management Targets

Upholding environmental safety as a baseline, Healthcare Co., Ltd. has established clear and measurable environmental management targets based on industry compliance requirements and operational realities. In 2025, the Company rigorously implemented its environmental management systems, steadily advanced risk prevention measures, strengthened daily inspections and hazard remediation, and formulated targeted action plans.

Long-Term Environmental Management Targets	Achievements in 2025
Compliant Emission of Wastewater	Achieved
Compliant Emissions of Waste Gas	Achieved
Classified Collection and Disposal Rate of Solid Waste: 100%	Achieved

# Energy Utilization

In the field of energy management, Healthcare Co., Ltd. strictly complies with applicable national laws and regulations, including the *Energy Conservation Law of the People's Republic of China* and the *Circular Economy Promotion Law of the People's Republic of China*, as well as relevant policy requirements. The Company has established internal management systems such as the *Energy Management System* to standardize energy use, ensure operational compliance and continuously improve energy efficiency. We've implemented a tiered management structure with an Energy Management Committee overseeing overall strategy, and clearly designated responsible personnel in each department and workshop, ensuring energy management responsibilities are systematically implemented at all levels. Moreover, we collect energy consumption data monthly, conduct systematic analyses, and track and supervise the department with abnormal energy usage, creating a closed-loop management system.

To further enhance energy management precision, Healthcare Co., Ltd. has deployed digital electricity meters to automatically capture electricity consumption data. Data is transmitted via gateways to an online energy monitoring platform, where electricity consumption is calculated and analyzed according to predefined logic formulas. This enables continuous improvement of the full-process electricity management system. On this basis, the Company actively promotes energy substitution and clean energy usage. Key measures include replacing canteen electric stoves with gas stoves, converting warehouse heating from air conditioning to gas heating and actively developing PV power projects, collectively improving the greenness of the energy structure.

## Energy-saving Measures

### Advanced Cutting Equipment

- In the foam cutting process, Healthcare Co., Ltd. introduced vibration-knife CNC cutting machines, reducing overall packaging cycle time from 45 seconds to 30 seconds. This improves production efficiency while effectively lowering process energy consumption.



### Ultrasonic Welding Technology

- Compared to conventional welding, ultrasonic welding is faster and more efficient, completing tasks within 0.1–0.5 seconds. Energy consumption is reduced by 15–45% compared with traditional welding, while welding strength reaches over 80% of the base plastic component strength.



### Variable Frequency Technology

- By adjusting motor loads with variable frequency technology, energy loss from uneven loading is avoided. Industry experience indicates that variable frequency air compressors achieve approximately 15% electricity savings compared with fixed-frequency compressors.



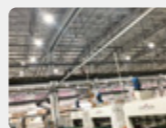
### PV Power Projects

- Healthcare Co., Ltd. has installed a 2.45 MW PV power system. In 2025, the Parent Company PV electricity usage reached 2.94 million kWh, an increase of over 5% from 2024, contributing to energy conservation and efficiency improvements.



### Retrofitting of Lighting System

- Multiple workshops, including the spring and cutting workshops, have implemented refined lighting management measures. These include preventing "lights-on when unattended", optimizing fixture height and upgrading circuit zoning controls. At the North Plant, these measures have collectively saved 557,966 kWh of electricity in 2025, reducing facility lighting costs.



Indicator	Unit	Energy Consumption in 2025
Comprehensive Energy Consumption	tce	87,363.59
Including: Natural Gas	m <sup>3</sup>	709,906
Liquefied Natural Gas	Ton	24,912.80
Liquefied Petroleum Gas	Ton	21,122.13
Diesel	Liter	249,666.73
Gasoline	Liter	86,062.41
Purchased Heat	GJ	536
Purchased Electricity	10,000 kWh	7,305.02
Other Purchased Energy Consumption(Cooling and Heating Energy)	GJ	568,693.56
Renewable Energy (PV)	kWh	4,516,675.24
Total Consumption of Non-renewable Energy	tce	86,808.49
Renewable Energy Consumption	tce	555.10
Comprehensive Energy Consumption Intensity	tce/ RMB 1 Million (Operating Revenue)	9.80

Description of Data: Compared with the previous year, the 2025 statistical scope introduces two new metrics: Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG).



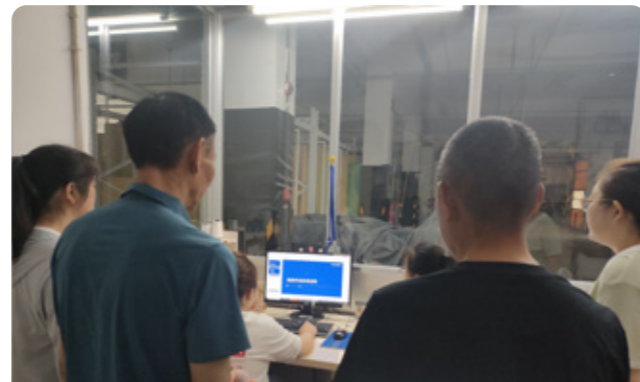
# Circular Economy

## Material Management

To establish a standardized and efficient material management system, Healthcare Co., Ltd. has established the *Warehouse Management Operating Procedure*, which comprehensively govern the full lifecycle of materials—from incoming inspection, zoned storage, and compliant issuance to timely return of surplus materials and periodic full inventories. The Warehousing Department is organized into the Raw Materials and Packaging Materials Management Team, tasked with end-to-end warehouse control and supervising compliance and effectiveness throughout the material issuance process. To continuously enhance warehouse management capabilities, the Company regularly conducts systematic warehouse management training, covering operational standards, procedures and safety requirements, thereby reinforcing professional awareness and standardizing execution.



Safety Management Training on Fabrics and Accessories Warehouse



Training on Scrap Operating Standards for Outerwear Warehouse

### Material Management Measures

#### Material Storage

- Materials are stored in designated zones based on material codes and orders, with clearly visible labels showing order number, line item, material code, specifications, quantity, unit and warehousing date;
- Warehouse conditions are regulated according to material characteristics (e.g., moisture-proofing, sun protection and temperature control), with regular inspections to prevent mold and corrosion;
- System accounts are updated in real time, with daily inventories for abnormality, weekly random inventories and monthly full inventories to ensure consistency between physical stock and records;
- Fire safety inspections are implemented, firefighting equipment is in place, and improper stacking is strictly prohibited.

### Material Management Measures

#### Material Transportation

- Detailed transportation plans are prepared, using appropriate packaging and protective measures. Suitable transport modes are selected, the process is monitored, and contingency plans are in place to address emergencies.

#### Material Issuance and Usage

- Strict adherence to issuing materials only upon authorized requests; no request, no issuance;
- A quota-based issuance system is implemented, with quantities verified against production plans; excess material must be returned to the warehouse.
- Usage by requesting units is monitored, and surplus material is checked and returned to prevent waste.

### Lightweight and Reduced Packaging Measures

#### Optimized Carton Sizes

- Some products original cartons measuring 36×36×90 cm were oversized; optimizing to 36×36×75 cm reduced volume, lowering carton and logistics costs.

#### Recycling

- Collected the packaging bags used for the Company's procurement of mesh and rib fabric for recycling to reduce the procurement cost of packaging bags.

Indicator	Targets	Achievement
Material Preservation Rate	In 2025, the material preservation rate reached 100%.	Achieved

Material Category	Unit	Consumption in 2025
Paper Packaging Materials	Piece	13,462,172
PE Bags	Piece	6,077,453.16
EPE Rolls	kg	29,648.21
EPE Sheets	Piece	353,250.20
EPE Tubes	Meter	147,959.20
EPS	Piece	334,416
Nonwoven Bags	Piece	824,087
PE Film	kg	2,225,250.69
Other Packaging Materials	Ton	17,664.83
Quantity of Packaging Materials Recycled	Ton	1.31



## Green Office

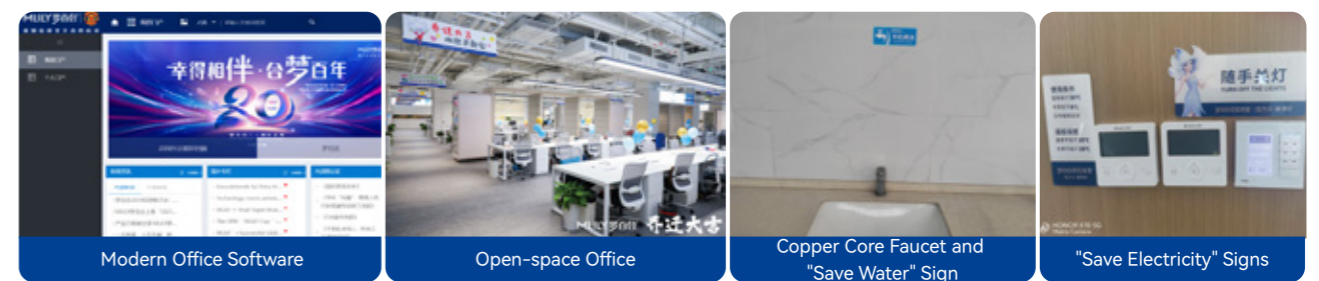
To advance its commitment to sustainable and low-carbon operations, Healthcare Co., Ltd. has fully integrated green office practices into the Company's operational management framework. We actively foster awareness of environmental responsibility across all employees and implement multiple initiatives to cultivate an eco-friendly office ecosystem.

In terms of energy-efficient office practices, Healthcare Co., Ltd. adopts an open-space office layout and fully implements LED energy-saving lighting, which enhances illumination while reducing energy consumption by over 80%. Regarding resource efficiency, the Company leverages digital platforms including OA, MES and SAP systems to enable paperless workflows, while also promoting double-sided paper use and standardized waste paper disposal, thereby improving overall paper efficiency. For green operational support, relevant initiatives include installing water-saving fixtures, implementing site greening to reduce noise and dust, offering commuting shuttle buses, and adding EV charging stations. These combined efforts institutionalize low-carbon office operations, standardize procedures, and reinforce the foundation for sustainable corporate operations.



## Green Products

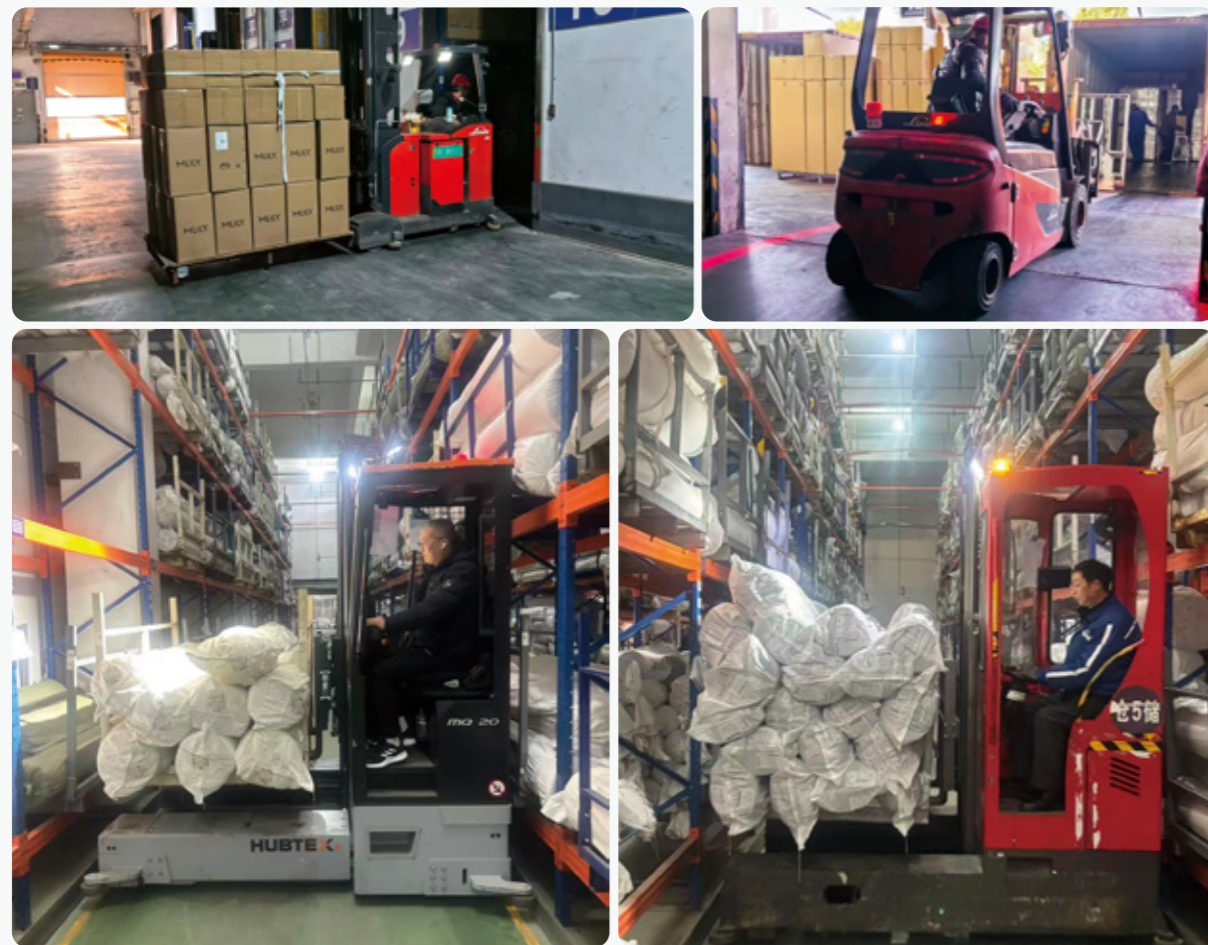
Healthcare Co., Ltd. integrates sustainability throughout the product lifecycle, creating a synergy between environmental management and product quality. During production, the Company's products have obtained OEKO-TEX® STANDARD 100, CertiPUR-US® and CertiPUR™-EUR certifications, securing multiple international "material + component" recognitions. These certifications confirm products are free of harmful chemical residues, with minimal hazardous substances and pollutant emissions, fully complying with international standards and ensuring safety and environmental compliance from the source. These certifications not only validate the Company's progress in energy efficiency, resource conservation and clean production but also underscore its ongoing commitment to continuous environmental performance improvement through internationally certified green products. In the product usage phase, Healthcare Co., Ltd. continuously implements energy-efficient designs, such as standard energy-efficient features in adjustable base power supplies, verified through professional testing, further reducing operational energy consumption. The Company extends the sustainability concept to the supply chain by prioritizing FSC-certified materials for packaging cartons, demonstrating a full commitment to green development and promoting low-carbon, high-quality growth across the industry.



## Green Transportation

Healthcare Co., Ltd. applies green, low-carbon principles across the full logistics value chain, advancing emissions reduction measures from internal handling to external freight operations. By the end of the reporting period, all internal material handling operations were fully electrified, eliminating fuel-powered equipment. Core equipment now includes manual pallet trucks, electric pallet jacks, electric counterbalance forklifts and electric stackers, ensuring zero fuel emissions at the source. This creates a clean, efficient and low-carbon internal material transfer system that operationalizes the Company's sustainability commitments.

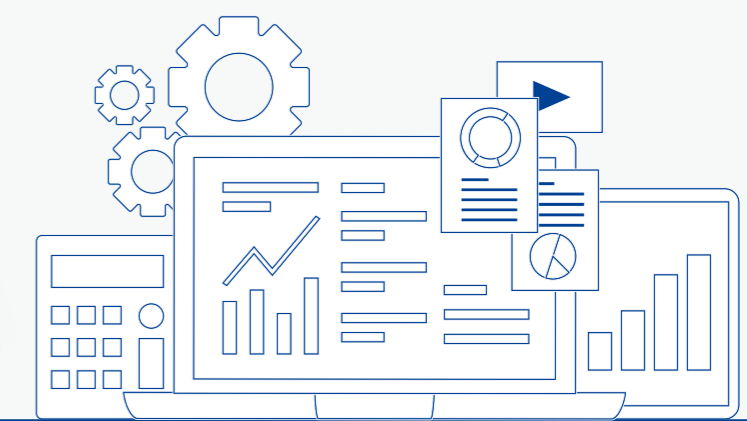
### Electric Forklift



For external line-haul transport, Healthcare Co., Ltd. continuously optimizes routes and transportation modes. In 2025, over 80% of containers shipped from domestic factories to Shanghai Port of Yangshan utilized sea-rail intermodal transport, leveraging its low-carbon and efficient characteristics to significantly reduce carbon emissions during line-haul operations. In Shanghai's outer port container transfers, the Company promotes green capacity upgrades, replacing traditional fuel vehicles with energy-efficient and new-energy alternatives for short-distance container handling, thereby strengthening the overall green transportation network. Through these multi-dimensional improvements across internal and external logistics, Healthcare Co., Ltd. achieves a fully low-carbon and clean logistics operation, demonstrating practical implementation of its green development strategy.

During the reporting period, Sinotrans Limited conducted carbon emission verification for Healthcare Co., Ltd.'s sea-rail intermodal, ICT, container trucking, Port of Lusi sea-rail intermodal and new-energy container trucking projects, producing a comprehensive end-to-end green logistics emissions report.

### Logistics Emission Report



# Pollutant Emissions

Healthcare Co., Ltd. strictly adheres to the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*, as well as other applicable laws, regulations and regulatory requirements. We've established a routine monitoring mechanism to regularly track pollutant emissions during production and operational activities, continuously strengthening environmental risk management and ensuring that all emission indicators remain legally compliant. During the reporting period, all types of pollutants discharged by the Company met the relevant emission standards.



## Noise Management

To effectively manage noise pollution and ensure that noise levels at plant boundaries meet regulatory standards, Healthcare Co., Ltd. has developed and implemented the *Noise Control Management Procedure*, encompassing five key areas: equipment selection, vibration and noise mitigation, equipment maintenance, engineering controls and green infrastructure for noise reduction. Meanwhile, the Company adheres strictly to monitoring requirements, engaging accredited third-party agencies to conduct semi-annual noise assessments, ensuring compliance with noise emission standards.

### Noise Control Measures

<b>Equipment Selection</b>	Low-noise fans are prioritized for workshop ventilation, with high-efficiency silencers installed at air inlets and outlets; exhaust vents are positioned away from sensitive boundary areas.
<b>Vibration and Noise Mitigation</b>	Steel springs, medium-hardness rubber and other vibration-isolation materials or damping trenches are employed to reduce source intensity and extend equipment lifespan.
<b>Equipment Maintenance</b>	Routine maintenance ensures optimal equipment operation and prevents abnormal operation that could generate excessive noise.
<b>Engineering Control</b>	Pumps, fans and similar equipment are housed in fully enclosed soundproof rooms (without windows), maintaining noise levels below 25 dB when doors are closed. Additional sound-absorbing materials are applied according to equipment specifications.
<b>Green Infrastructure for Noise Reduction</b>	Tall evergreen trees are planted around plant boundaries to provide supplementary noise attenuation.

## Management of Wastewater


Healthcare Co., Ltd. operates in strict compliance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution*. Production and operational activities generate only domestic wastewater, with no process wastewater discharged. To ensure effective management of domestic wastewater, Healthcare Co., Ltd. has established the *Wastewater Discharge Control Management Procedure*, clearly defining departmental responsibilities. Following the principles of "separation of clean and wastewater" and separation of rainwater and sewage", the Company implements a range of measures, including regular cleaning of oil separators, ongoing supervision of wastewater discharge, periodic sampling and testing, and strict control of total domestic wastewater volumes. This establishes a comprehensive and full-process management system that ensures wastewater management is compliant, controllable and effective.

Indicator	Unit	Emissions in 2025	
Total Wastewater Discharge	Ton	82,205.90	
Wastewater Discharge Intensity	t/ RMB 1 Million (Operating Revenue)	9.22	
Wastewater Pollutant Emissions	Chemical Oxygen Demand (COD)	Ton	8.56
	Suspended Solids	Ton	2.78
	Ammonia Nitrogen (NH <sub>3</sub> -N)	Ton	1.22
	Total Phosphorus (Calculated at P)	Ton	0.15
	Animal and Plant Oils	Ton	0.12

## Management of Waste Gases

Healthcare Co., Ltd. strictly complies with the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution* and related requirements. To regulate waste gas emissions, the Company has established the *Waste Gas Emission Control Management Procedure*, defining comprehensive process controls for the generation, collection, treatment and discharge of waste gases. Supporting treatment facilities and regulatory mechanisms have been implemented, alongside a series of stringent waste gas treatment measures, ensuring that volatile emissions generated during production are effectively controlled.

### Waste Gas Treatment Measures




**Collection and Treatment During Production**

During the foam pre-curing process, volatile emissions generated in production are centrally captured via exhaust systems installed atop the ovens. The collected gas is then processed through a combined activated carbon adsorption and steam desorption system for deep treatment. Treated emissions are discharged through a 15-meter-high exhaust stack in full compliance with regulatory standards. The waste gas collection efficiency reaches 98%, ensuring comprehensive capture and effective treatment.



**Equipment Interlock Controls**

Electricity monitoring devices are installed within the distribution boxes of foam machines and waste gas treatment equipment and networked to the local environmental monitoring system. This setup ensures that the waste gas treatment system operates automatically whenever production equipment is in use.



**Consumables Management and Monitoring**

Sufficient quantities of activated carbon are loaded into the waste gas treatment systems and replaced annually in strict accordance with control requirements to maintain adsorption efficiency. In addition, in line with pollutant discharge permit regulations, qualified third-party agencies are commissioned to conduct waste gas environmental testing every six months, verifying compliance and promptly identifying and rectifying potential issues.

Indicator		Unit	Emissions in 2025
Total Waste Gas Emissions		10,000 m <sup>3</sup>	55,319.65
Waste Gas Emission Intensity		10,000 m <sup>3</sup> /RMB 1 Million (Operating Revenue)	6.21
Waste Gas Pollutant Emission	Nitrogen oxide (NO <sub>x</sub> )	Ton	0.22
	Volatile Organic Compounds (VOC)	Ton	0.34
	Particulate Matter (PM)	Ton	0.22
	Total Non-Methane Hydrocarbons	Ton	0.17

Description of Data: The 2024 statistical scope covers the Parent Company, Nisco, Duolan New Materials and overseas production bases; the statistical scope of 2025 is consistent with that of the Company's consolidated financial statements.



Waste Gas Treatment Facilities and Exhaust Stack

# Waste Disposal

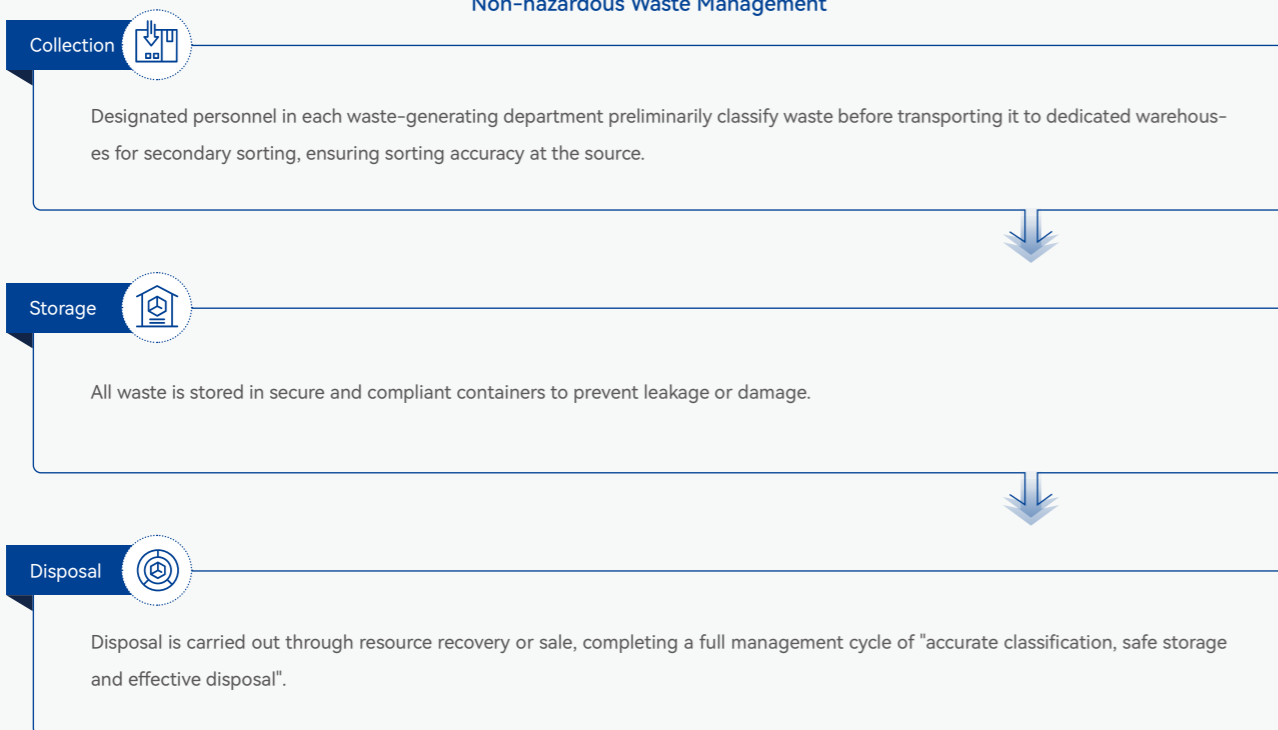
To ensure compliance with environmental protection regulations and pollutant discharge permits and safeguard compliant operations, Healthcare Co., Ltd. has formulated the *Solid Waste Management Procedure*, establishing full-process control requirements and key management objectives. Non-hazardous and hazardous wastes are managed under differentiated control principles, following classification-based handling and standardized disposal.



## Non-hazardous Waste

Non-hazardous solid waste is managed under a systematic process of "classified collection, standardized packaging and resource-based disposal", ensuring safe, efficient and environmentally responsible treatment.

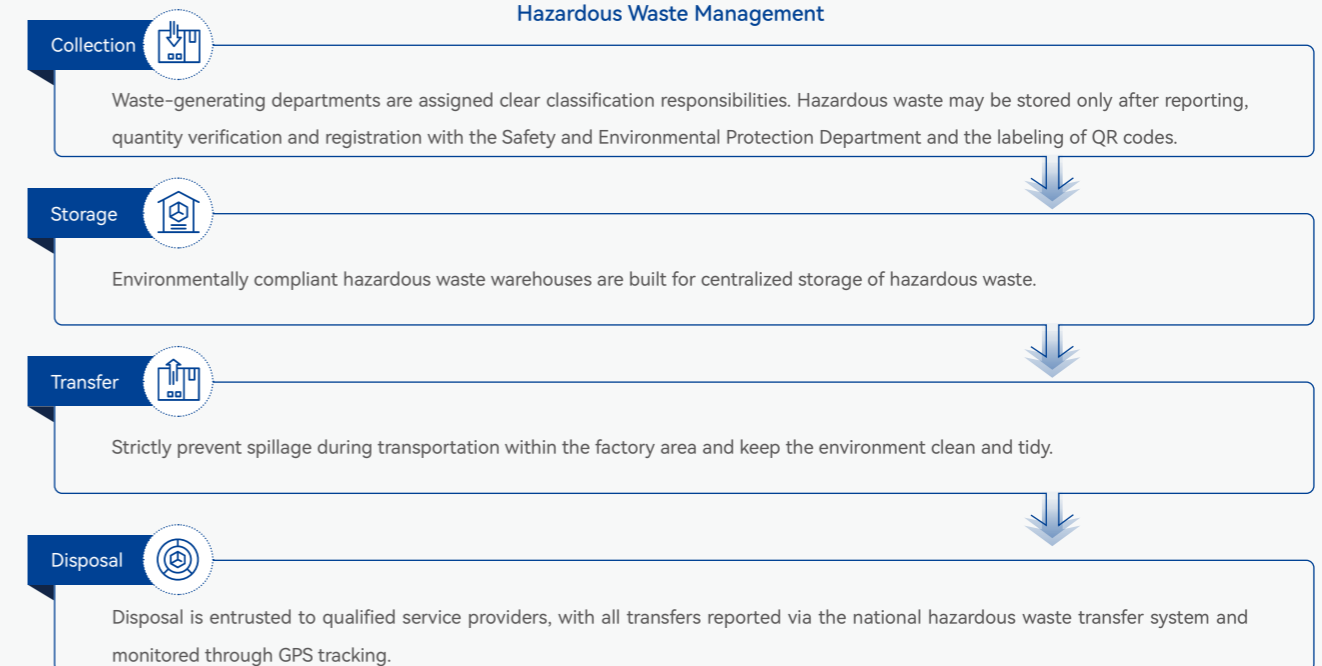
### Non-hazardous Waste Management



## Hazardous Waste

Healthcare Co., Ltd. strictly adheres to the principles of "classified collection, centralized storage and outsourced disposal" in managing hazardous waste. A standardized management system has been established, encompassing regulated warehousing reporting, enhanced on-site transfer controls, disposal by qualified third-party agencies and full-process tracking through system-based reporting. These measures ensure seamless alignment across all management stages, enabling compliant and controlled treatment throughout the entire lifecycle of hazardous waste—including collection, storage, transfer and disposal—while achieving full traceability and standardized and compliant treatment.

### Hazardous Waste Management



Indicator	Unit	2025
Total Waste Generation	Ton	12,503.44
Waste Generation Intensity	t/ RMB 1 million (Operating Revenue)	1.40
Volume of Hazardous Waste Generated	Ton	88.66
Volume of Non-hazardous Waste Generated	Ton	12,414.78
Total Waste Disposal Volume	Ton	12,503.44
Disposal Volume of Hazardous Waste	Ton	88.66
Disposal Volume of Non-hazardous Waste	Ton	12,414.78
Waste Disposal Compliance Rate	%	100
Total Recycled and Reused Waste	Ton	7,173.73
Recycling and Reuse Amount of Hazardous Waste	Ton	2,779.34
Recycling and Reuse Amount of Non-hazardous Waste	Ton	4,394.39

## Water Resource Utilization

Healthcare Co., Ltd. consistently upholds a sustainable development philosophy, placing strong emphasis on water conservation and recycling, and continuously optimizing water use efficiency. The Company's water supply is primarily sourced from municipal water system. While meeting production needs, the Company has implemented a series of water-saving measures to continuously enhance water use efficiency. To systematically advance water conservation, the Company addresses both production and domestic water use: for production water use, the Company has adopted circulating cooling towers to reduce water consumption through reuse. Meanwhile, the cooling method for air compressors has been upgraded from water-cooled to air-cooled, significantly reducing water consumption and system leakage, further improving water use efficiency. For domestic water use, the Company has promoted the use of Class 1 energy-efficient water-saving toilets, smart sensor urinals and copper-core leak-proof faucets, effectively reducing water consumption per use and minimizing losses.



**[ During the Reporting Period ]**

The Company's total fresh water intake was **347,066.79 m<sup>3</sup>** comprising **346,143.79 m<sup>3</sup>** of municipal water and **923 m<sup>3</sup>** of groundwater.

Total water consumption reached **347,151.79 m<sup>3</sup>** including **347,066.79 m<sup>3</sup>** of fresh water and **85 m<sup>3</sup>** of recycled or reused water.

Water intensity stood at **38.95 m<sup>3</sup>/RMB 1 million (revenue)**

## Ecosystem and Biodiversity Protection



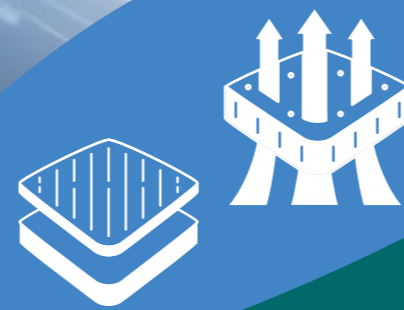
The Company strictly complies with the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations, actively fulfills ecological protection responsibilities and prioritizing biodiversity and habitat conservation. In the course of day-to-day operations and business activities, the Company prioritizes environmental impact management, with no significant negative effects on ecosystems or biodiversity. Company offices, operational sites and production facilities are not located within nature reserves or ecologically sensitive areas, and day-to-day operations do not involve disruption of native vegetation or ecosystems.

Description of Data: The 2024 statistical scope covers the Parent Company, Nisco, Duolan New Materials and overseas production bases; the statistical scope of 2025 is consistent with that of the Company's consolidated financial statements.

# 00

## Crafted with Expertise, Dedicated to Quality Sleep

Safety and Quality of Products and Services	57
Innovation-driven Development	67
Supply Chain Security	77
Protection of Employees' Rights and Interests	84
Data Security and Customer Privacy Protection	110
Contribution to Society	113
Rural Revitalization	116



# Safety and Quality of Products and Services

## Governance

Healthcare Co., Ltd. regards product quality as its corporate lifeline and is dedicated to delivering high-quality, safe and reliable home products to consumers through a rigorous and responsible approach. The Company has established a product quality management system covering all stages—from raw material procurement and production to finished product inspection, warehousing and delivery inspection. Supporting system documents have been prepared to provide standardized support for quality management, and the Quality Department is responsible for overseeing quality information management, product testing, final packaging and delivery inspection. Throughout the product management process, from design and development to production, Healthcare Co., Ltd. applies Failure Mode and Effects Analysis (FMEA) to proactively identify and mitigate risks. Meanwhile, rigorous standards are defined for both finished products and semi-finished components, and complete testing records are maintained to ensure traceability and controllability throughout the quality process. During the reporting period, both Healthcare Co., Ltd. and its subsidiary Nisco obtained ISO 9001 Quality Management System certification.



Healthcare Co., Ltd./ Nisco ISO 9001 Quality Management System Certification

## Strategy

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Product Quality Risk	The Company's product quality risks primarily arise from potential lapses across the full product lifecycle, including raw material procurement, manufacturing processes and finished product inspection. Any failure to consistently uphold quality standards at any stage may result in nonconformities in product performance or quality, affecting product usability and delivery, and potentially impacting market circulation and customer experience.	Low	Large	Short to medium term	Upstream, operations, downstream	Medium	Reduction in operating revenue	Establish a comprehensive Quality Management System encompassing all stages from raw material sourcing to delivery inspection, and seek continuous optimization of quality control processes to continuously enhance quality assurance capabilities.
Reputation Risk	Products that exceed formaldehyde limits, fail to meet VOC emission standards or exhibit structural instability may pose health hazards to consumers, potentially damaging brand reputation and increasing after-sales costs.	Low	Large	Medium to long term	Downstream	Low	Reduction in operating revenue	Emphasize product safety and health by rigorously controlling key safety indicators, including formaldehyde levels, VOC emissions and antibacterial performance, to ensure products comply with safety standards; strengthen the Company's "safe, healthy and reliable" brand positioning, align with consumers' increasing focus on sleep health, and enhance customer trust and satisfaction.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Technological Opportunities	By leveraging core technological expertise, the Company can develop differentiated and high-quality products that create a clear market distinction and increase operating revenue.	High	Large	Medium to long term	Operations, downstream	High	Increase in operating income	Build a technological moat by continuously strengthening the quality validation systems for new technologies and products; drive the deep integration of technological advancement and quality enhancement to ensure that innovative products deliver consistent quality and reliable performance.
Market Opportunities	Offering low-carbon and environmentally friendly products and services attracts sustainability-conscious consumers, strengthens brand reputation and expands market reach;  High-quality standards support international market expansion, enhancing the global presence of Chinese home furnishing brands.	High	Large	Medium to long term	Operations, downstream	High	Increase in operating income	Give priority to eco-friendly raw materials in production, and strengthen the R&D of environmental products, to enhance competitive advantage;  Maintain leadership in both quality and environmental standards, position company products as "safe, healthy and eco-friendly", reinforce consumer trust, and enhance customer satisfaction.

## Impacts, Risks and Opportunities Management

To proactively prevent product quality and safety risks, Healthcare Co., Ltd. has established a comprehensive risk management mechanism covering the full process of product quality and safety. This framework encompasses risk identification, assessment, classification and control.



## Metrics and Targets

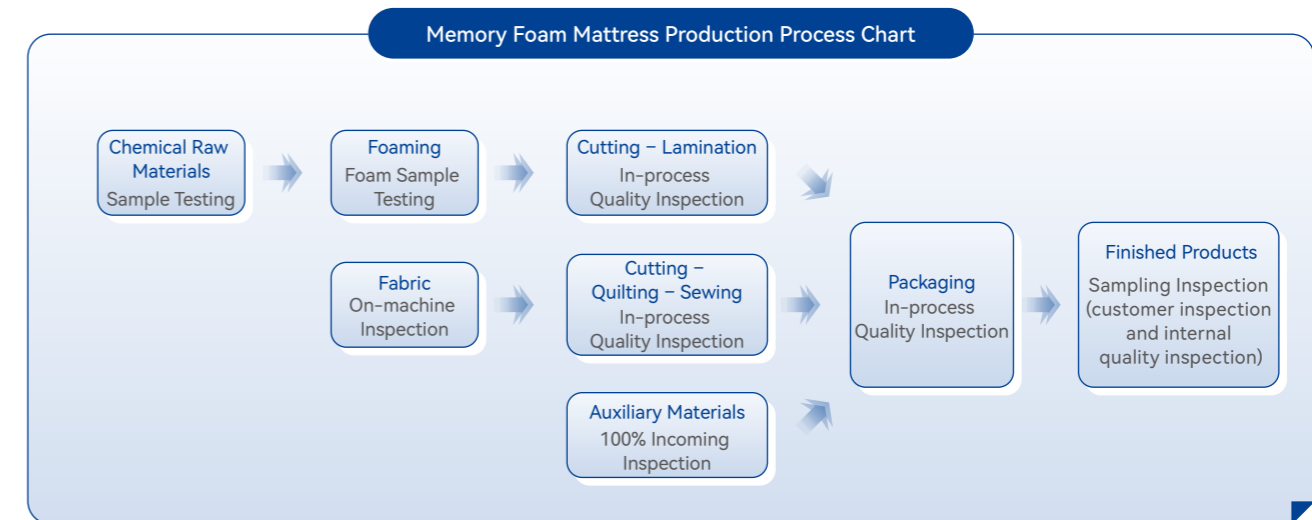
Healthcare Co., Ltd. has established "zero major product quality and safety incidents" as its core objective for product and service quality and safety management. The Company reinforces end-to-end process controls, embeds quality and safety requirements throughout the entire product lifecycle, and upholds stringent safety standards to ensure the effective achievement of this objective. During the reporting period, no major product quality and safety incidents occurred, and all quality objectives were achieved.

Indicator	Unit	2025
Number of Annual Internal Quality Audits	Time	63
Number of Sampling Inspections by Third-Party Organizations	Time	1,707
Number of Product Withdrawals and Recalls Due to Safety and Health Reasons	Case	0
Number of Participants in Quality Management Training	Person-times	4,402
Total Hours of Quality Management Training	Hour	3,167
Number of Sessions of Quality Management Training Sessions	Time	322

## Product Quality Control Measures

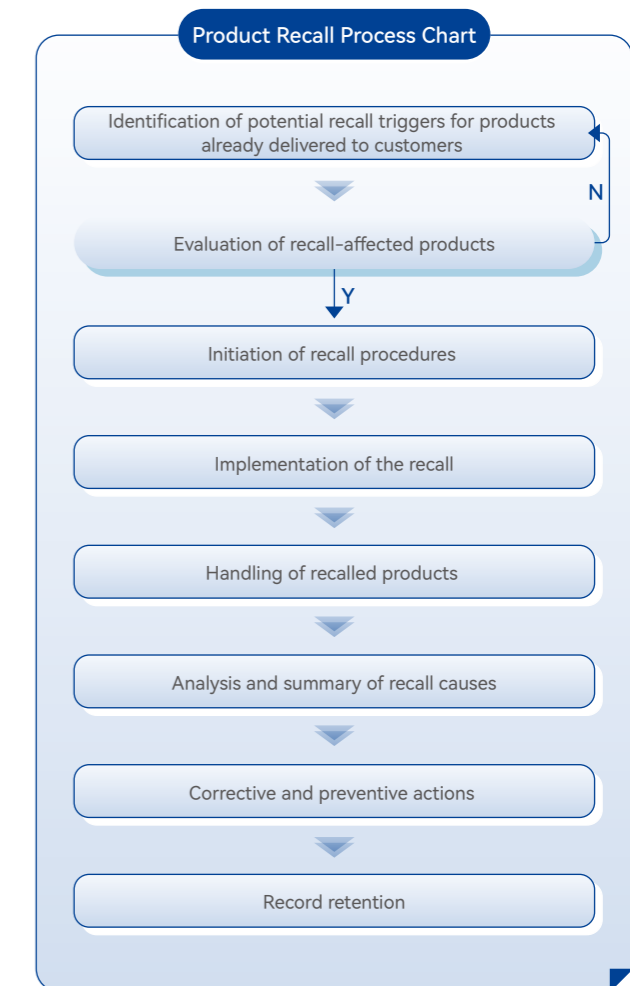
### Product Lifecycle Management

Anchored in a quality-centric approach, Healthcare Co., Ltd. integrates risk management principles into key stages such as product design & development and production, and has established a robust product lifecycle management system. In the design & development stage, the Company establishes and rigorously implements input and output review mechanisms to accurately align product functional requirements, safety standards and quality specifications, ensuring that design solutions are scientifically sound and achieve precise alignment across functionality, safety performance and quality standards, thereby avoiding quality risks at the design source. In the production stage, the Company implements a three-tier quality control system with stringent, step-by-step oversight to ensure product quality. This includes a comprehensive risk control framework covering incoming inspection, in-process inspection, first-article inspection and finished product inspection before warehousing. At the same time, the Company is progressively rolling out our MES system across overseas production bases, leveraging digitalization to enhance quality assurance and risk management effectiveness throughout the entire product lifecycle. In addition, the Company has established procedures for hazardous substance control, including the *Inspection Procedure for Chemical Raw Materials*. Across the entire lifecycle—from transportation, incoming inspection and segregated storage to requisition, use and emergency response—the Company strictly enforces requirements such as zoned storage of hazardous chemicals, designated personnel management, dual-lock and dual-ledger controls, and MSDS-based safety protection measures. These practices ensure that chemical materials are managed safely and remain fully controlled from receipt through to end use.



### Product Recall Management

To safeguard product quality and safety and protect consumer rights, Healthcare Co., Ltd. has established and implemented the *Product Recall Procedure*, which clearly defines recall workflow. For defectives arising from different causes—such as feedback from customers or regulators, raw material issues or abnormalities in the production process—the Company has developed scenario-based, standardized recall management mechanisms: Recalls associated with accessories or packaging issues: Upon feedback from customers or the Quality Department, the Company verifies key information, including product name, production date, type, batch and quantity of the defective accessories, as well as the production batch and quantity of the affected products. After confirming inventory and shipment details, a recall notification form is issued within two hours, and the recall is completed within seven days. Recalls associated with raw materials: Based on feedback from customers or the Quality Department, the Company verifies the product name, production date, type, batch and quantity of the defective materials, as well as the corresponding raw material details. The Company then traces the relevant production and inventory data to initiate customer notification and product recall. Recalls associated with the production process: The Company first confirms the product name, production date, defective variety of product, quantity, as well as inventory levels, followed by verification of shipment records and customer notification, and ultimately completes the recall. Throughout the process, traceable documentation—including finished product inspection reports, production monitoring records and warehousing and dispatch logs—ensures that every step is verifiable, thereby enabling standardized and efficient execution of product recalls. In 2025, the Company recorded no product recalls.



## Quality Training

Healthcare Co., Ltd. regards quality training as a fundamental pillar for continuously enhancing product quality. Guided by the Company's development needs, we implement regular and systematic quality training programs to strengthen quality awareness across all employees and elevate overall quality capabilities. And we effectively translate quality principles into a core driver of product improvement. This organization-wide enhancement of quality competencies reinforces the foundation of product excellence, supports steady quality advancement, and provides a solid underpinning for strengthening market competitiveness and achieving high-quality development.

### Case

#### Training on Nonconforming Product Control Procedure



In July 2025, Healthcare Co., Ltd. delivered training on the *Nonconforming Product Control Procedure* to relevant personnel. The program covered requirements for handling nonconforming products and procedures for exception tracking. It was designed to help employees understand the classification and identification of nonconforming products, and to master the appropriate measures to be taken at each stage when nonconformities arise in purchased materials, in-process goods and finished products. The program also clarified the methods and categories for disposition of nonconforming products, thereby enhancing employees' overall capability in nonconforming product control and supporting the stability of product quality.



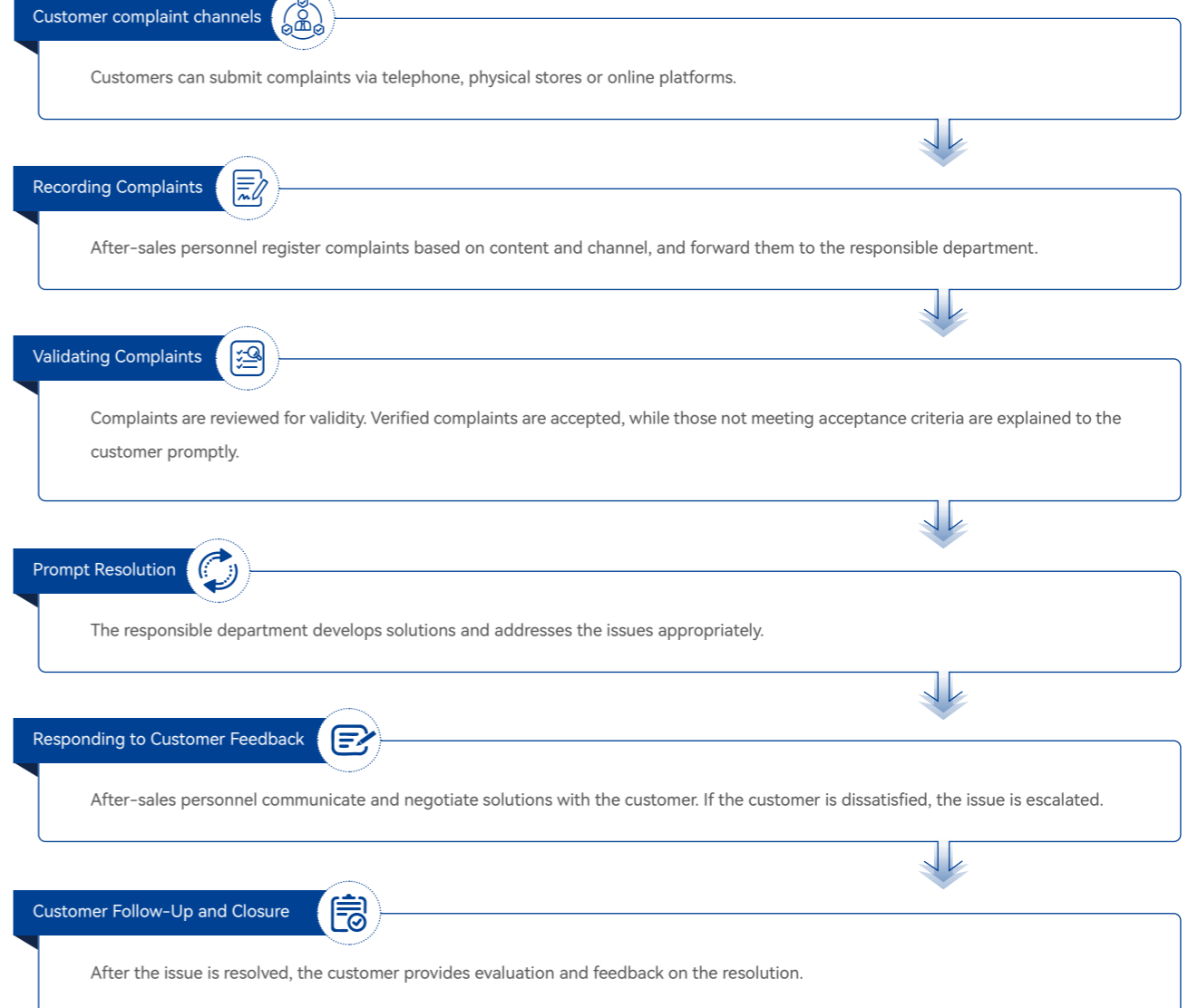
Training on Nonconforming Product Control Procedure

## Improving Customer Service

### Customer Service and After-Sales Management

Healthcare Co., Ltd. strictly adheres to the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* and other applicable laws and regulations. We've formulated the *Customer Complaints, Returns and After-Sales Management Procedure* to clearly define end-to-end requirements for the handling and analysis of customer complaints. In the pre-sales stage, the Company provides professional consultation and personalized recommendations to help customers fully understand product features, accurately align with their sleep needs and lifestyle habits, and ensure informed and appropriate purchase decisions. Sales Stage: Through diversified sales channels, the Company maintains smooth communication with customers, optimizes order processing and logistics, and ensures on-time, intact delivery, enhancing transparency and customer experience throughout the transaction. After-Sales Stage: The Company has implemented a first-contact-responsible system and dedicated follow-up personnel to provide fast, professional and effective solutions, ensuring complaints are resolved in a closed-loop manner and consumer rights are fully protected. During the reporting period, Shanghai Milily enhanced the professional capabilities and service awareness of relevant personnel through systematic training, consolidating the foundation for effective complaint handling and further safeguarding consumer rights.

### Customer Complaint Handling Process



#### [ During the Reporting Period ]

The Company received **41,326** customer complaints, achieving a **93.42%** resolution rate.

Case

After-Sales Training



Shanghai Mily conducted specialized after-sales training for store managers and distributors across its directly operated stores, regional franchises and provincial agency channels. The training systematically introduced the Company's standardized after-sales processes and unified service protocols, and provided a comprehensive overview of the key rules and practical requirements of the 180-night trial sleep service. It also offered detailed guidance on the functions and operation of the after-sales management system. In addition, tailored sessions were provided for the company's three core product categories—smart beds, mattresses and upholstered beds—covering common types of issues, diagnostic methods and standardized handling procedures for each category. These efforts were designed to equip participants with both theoretical knowledge and practical skills in after-sales service, ensuring the effective implementation of the Company's after-sales standards and delivering a professional and standardized service experience to consumers.



After-sales Training

Customer Satisfaction

Healthcare Co., Ltd. consistently adheres to a customer-centric approach, regarding customer satisfaction as a key measure of product and service quality. The Company has prepared a standardized Customer Satisfaction Questionnaire, which is distributed via email and supplemented by follow-up communications to conduct annual satisfaction surveys of domestic and international customers. Based on the findings, we've formulated a Customer Satisfaction Survey Statistical Analysis Report to support continuous improvement. These efforts help reinforce a customer-centric service mindset among employees, optimize service processes, and enhance both customer experience and service quality.

[ During the Reporting Period ]

The customer satisfaction score for Nisco is **96.92**, for Healthcare Co., Ltd. is **92.30**,  
and for overseas factories are all **94** or above.

Responsible Marketing

Healthcare Co., Ltd. strictly complies with the *Advertising Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant laws and regulations. The Company is committed to regulating all advertising activities according to compliance standards, ensuring that promotional content is truthful, objective and compliant. Upholding the principles of fair competition, we firmly resist all forms of unfair practices, proactively fostering a healthy and orderly market environment, and fulfilling our corporate responsibilities through compliant operations.

During the reporting period, a subsidiary of Healthcare Co., Ltd was fined for pricing issues in live-stream sales. In response, we attached great importance to the matter and has required that subsidiary to undertake a targeted rectification program. The specific measures are as follows: Regulating pricing management: All live-stream promotion plans are subject to joint review by Operations, Legal and Finance teams. The "original price" must reflect the most recent lowest transaction price, strictly prohibiting unjustified high discounts or misleading pricing; Implementing "Sell First, Promote Later" rules: Pricing is determined based on cost calculations and market research, ensuring all price adjustments are supported by actual transaction data; Complaint response mechanism: A 24-hour complaint response system is in place, with dedicated personnel liaising directly with complainants. Disputes are prioritized for resolution through refunds of price differences, gifts or other negotiated solutions. Complete records are maintained, and complaint cases are reviewed regularly to optimize processes at the source. Moreover, company-wide price compliance training has been conducted, a dedicated price compliance team established, a tracking system implemented, and regular reports submitted to regulatory authorities to ensure sustained compliance.



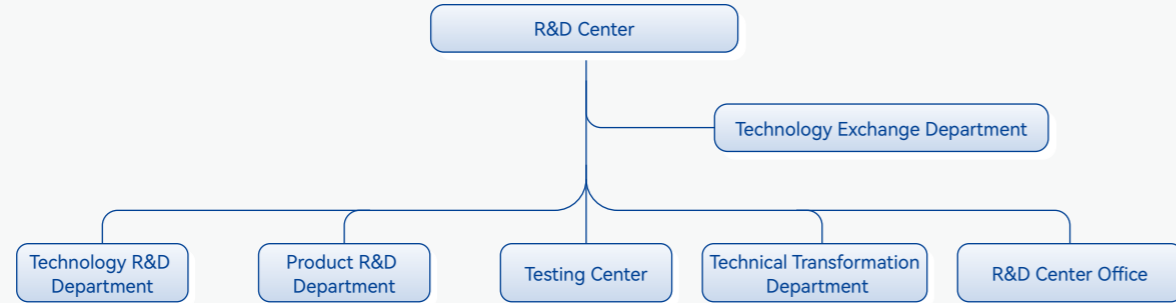
# Innovation-driven Development

## Governance

Healthcare Co., Ltd. leverages innovation as a driver of high-quality development, developing and implementing policies including the *R&D Organization Management System*, *R&D Investment Accounting Rules Regulations* and the *Engineering Technology Research Center Management Charter*, standardizing and institutionalizing research management to provide a solid framework for technological innovation and product upgrades. Meanwhile, the R&D Center centrally coordinates all technical research and development activities, comprising six specialized departments: Technology Exchange Department, Technology R&D Department, Product R&D Department, Testing Center, Technical Transformation Department and R&D Center Office. Each department operates with clear responsibilities and close coordination, providing robust organizational support for the efficient execution of R&D projects, smooth project progress and the commercialization of technical achievements.

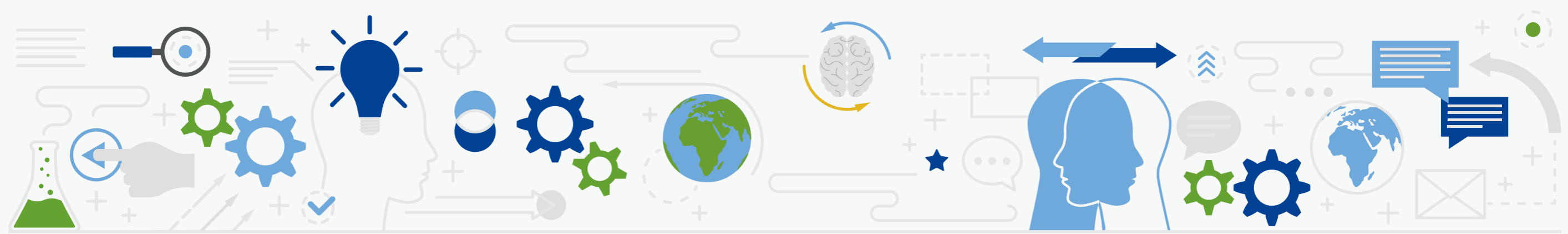
Our R&D Center has been recognized by the Jiangsu Provincial Department of Science and Technology and the Jiangsu Provincial Department of Finance as the Jiangsu Healthcare Memory Foam Engineering Research Center, and by the Jiangsu Provincial Development and Reform Commission as Jiangsu Memory Foam Engineering Research Center. These recognitions continuously strengthen the Company's hardware foundation for independent R&D and innovation, providing robust support for technological advancement and commercialization of research outcomes. Leveraging ongoing technological innovation and industrial upgrading in the home furnishing sector, both Healthcare Co., Ltd. and its subsidiary Nisco have been designated as National High-Tech Enterprises.

### Organizational Chart of R&D Center



### [ During the Reporting Period ]

In total, Healthcare Co., Ltd. and its subsidiaries include **2** National High-Tech Enterprises, **1** Specialized and Sophisticated Enterprise that Produces Novel and Unique Products, and **2** National Certified Enterprise Technology Centers.



## Strategy

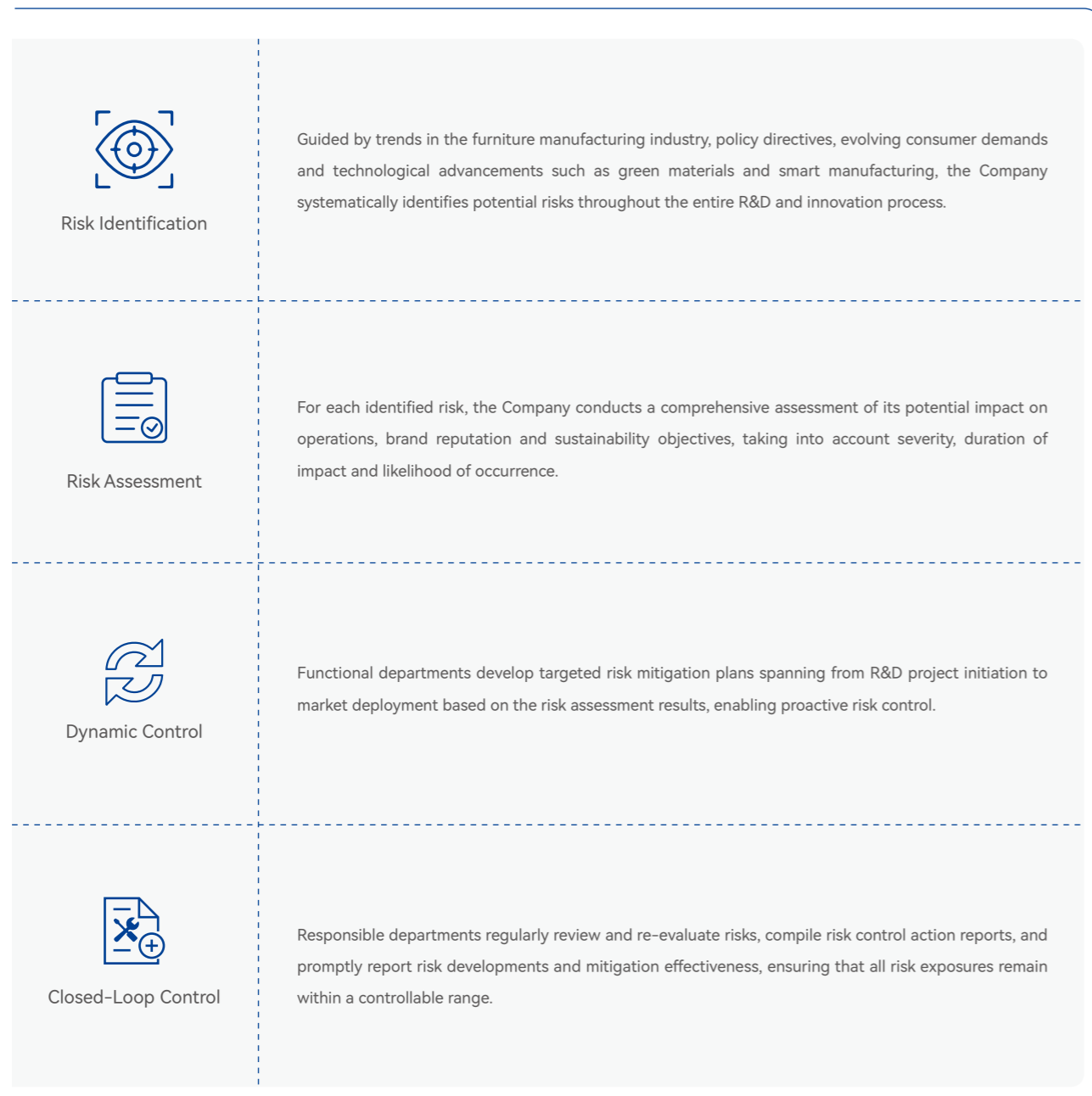
Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Technology Investment Risks</b>	During the R&D of core products such as memory foam mattresses, uncertainties may arise in critical technology breakthroughs, development of core material formulations and implementation of advanced processes. These uncertainties could result in extended development cycles, cost overruns or research outcomes falling short of expectations.	Low	Medium	Short to medium term	Operations	Medium	Increase in operating costs	Increase R&D investment, enhance innovation incentive mechanisms, build specialized teams and pursue a dual approach combining independent R&D with external collaborative innovation to improve the Company's capability for technological breakthroughs and optimize overall resource utilization.
<b>Technology Testing Risks</b>	If novel materials and processes are insufficiently validated, actual application may reveal issues such as poor product stability, inadequate durability or failure to meet environmental performance standards, potentially affecting market launch schedules and brand reputation.	Low	Medium	Short to medium term	Operations	Medium	Increase in operating costs	Establish a robust testing and validation system, conducting multi-scenario, full-lifecycle performance and environmental testing for core products; Strengthen process optimization and quality traceability mechanisms, controlling product quality from R&D through mass production to ensure reliable implementation of innovations.

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Intellectual Property Risks</b>	Personalized and smart furniture designs are inherently susceptible to imitation. Weak intellectual property protection could result in infringement, undermining the Company's incentive to innovate.	Low	Medium	Short to medium term	Operations	Medium	Increase in operating costs	Strengthen IP management by filing patents promptly, optimizing patent portfolios and enforcing protection and legal recourse; organize diverse IP-focused training to employees, enhancing company-wide awareness of compliance and cultivating a high-standard, systematic IP management framework.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Market Opportunities</b>	Sustained technological innovation enables the Company to develop proprietary core technologies and differentiated products, expand product applications, and strengthen product competitiveness and brand influence.	Medium	Large	Medium to long term	Operations, downstream	Medium	Increase in operating income	Accelerate technology R&D efforts and optimize technology reserves; secure core technology patents to establish barriers to market entry; develop innovative applications to showcase and promote new technologies and products in the market.
<b>Brand Opportunities</b>	Sustained technological innovation helps to strengthen the Company's brand image, enhance competitiveness and improve market recognition.	Medium	Large	Medium to long term	Operations, downstream	Medium	Increase in operating income	Focus on core technological innovation to increase product added value; leverage digital platforms to reinforce brand positioning; and enhance IP protection to safeguard brand value.

## Management of Impact, Risk and Opportunity

Healthcare Co., Ltd. places a strategic emphasis on managing risks and opportunities associated with R&D and innovation. The Company has progressively established a full-lifecycle R&D risk management system, enabling proactive risk identification, scientific evaluation, targeted mitigation and closed-loop control. At the same time, the Company actively seek opportunities for technological innovation, balancing risk control with value creation to ensure R&D activities are conducted in a sustainable manner and with high quality.



## Metrics and Targets

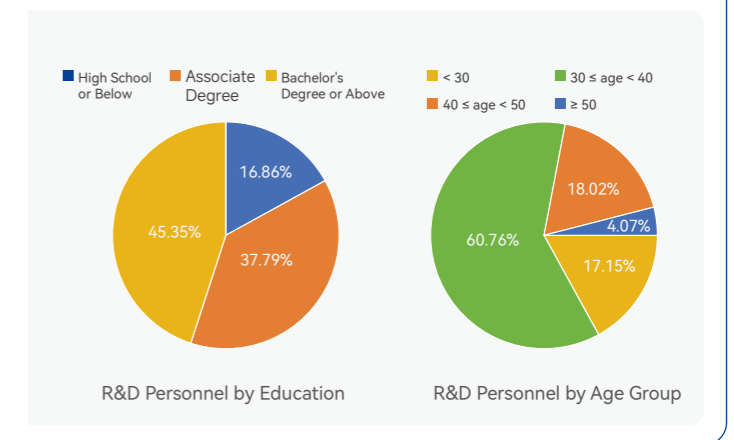
Healthcare Co., Ltd. has established clear R&D objectives, focusing on core memory foam technologies to drive systematic innovation, continuously strengthen product competitiveness, and promote high-quality development in the industry through technological leadership.

Goal Type	Targets	Achievement
Short-Term Goals (1-2 Years)	Optimize and upgrade existing products to enhance quality and performance; Expand domestic market presence and increase the scale of proprietary brand sales.	Senior-Friendly Products: We've captured emerging market opportunities associated with population aging by addressing the sleep health and in-home care safety needs of senior consumers. We prioritized the development and launch of senior-friendly smart beds, introducing our flagship HC Pro and HU models on JD.com. These products feature optimized user interfaces and integrated safety functionalities. They have obtained more than 40 national standard certifications and the "Healthy Senior-Friendly Furniture Product Certification".
Medium-Term Goals (3-5 Years)	Strengthen the research and application of new materials and introduce innovative products; Advance the brand's internationalization strategy to expand global influence.	Intelligent System Innovation: We've developed an intelligent sleep monitoring and pressure-adaptive system capable of dynamically adjusting bed support in response to variations in sleep posture and body pressure distribution. By enabling balanced pressure dispersion, the system delivers a highly personalized sleep experience that evolves with user behavior, thereby further enhancing product core competitiveness.
Long-Term Goals (More than 5 Years)	Promote memory foam products to shift Chinese consumer habits away from sleeping on hard beds. Enhance deep sleep for people worldwide and build MLILY into a respected global brand.	

### [ During the Reporting Period ]

R&D investment:  
RMB **136,812,457.80**,  
representing **1.54%** of operating revenue;

The R&D personnel in the Parent Company  
and Nisco totaled **344**,  
accounting for **11.65%** of the total  
employees in the Parent Company and Nisco.



## Innovation-Driven Measures

### Innovation Incentive Mechanism

Healthcare Co., Ltd. actively strengthens incentives for technical talent and fosters a culture of innovation. We've implemented a range of incentive programs, including the *Technological Achievement Commercialization Implementation and Reward System* and the *Performance Appraisal and Reward System for Scientific and Technological Personnel*. These frameworks provide a systematic, diversified approach to motivating innovation, unlocking the creative potential of technical personnel, and sustaining the Company's long-term and innovation-driven growth. Project teams involved in product development and departments providing R&D support are rewarded based on their task contributions and the value of technology transfer outcomes. This ensures a fair, performance-based distribution of innovation benefits. Furthermore, the Company has established a comprehensive R&D performance evaluation system with monthly, semi-annual and annual cycles. Evaluation results are directly linked to performance-based compensation, salary adjustments and professional development opportunities, thereby reinforcing a culture of continuous innovation and engagement among employees.

### Industry-University-Research Cooperation

Healthcare Co., Ltd. has developed the *Industry-University-Research Collaboration Management System*, which sets out detailed provisions governing organizational management, fund management, and research outcome management across all stages of collaboration. This framework strengthens university-enterprise cooperation mechanisms and provides a solid institutional foundation for the standardized implementation of such partnerships. By integrating resources from universities, research institutes and the Company, it effectively supports R&D innovation and the commercialization of research outcomes.

Healthcare Co., Ltd. emphasizes both independent R&D and external collaborative innovation. Building on our internal R&D capabilities, we actively leverage research resources from universities such as Nantong University and Jiangnan University, focusing on projects including the development of PET degradation products for high-performance polyurethane sponge preparation, the development of bio-based reactive flame-retardant polyurethane sponges, and the preparation and performance study of environmentally friendly bio-based shape memory polyurethane foam. These collaborations promote the effective integration of fundamental research and industrial applications, enhancing the efficiency of technology commercialization and injecting external momentum into the Company's innovation-driven growth. During the reporting period, the Company conducted five industry-university-research collaboration projects and signed cooperation agreements with three universities.

### Contribution to Industry Development

Healthcare Co., Ltd. has always been committed to promoting industrial upgrading and high-quality development, actively integrating into the industry ecosystem, and proactively participating in industry governance and ecosystem co-construction. To facilitate industry communication, the Company actively participates in major exhibitions such as the Shenzhen Creative Week and China International Furniture Fair, thereby stimulating market vitality and setting design trends through new product launches and cutting-edge showcases. Adhering to the principle of "technology-driven innovation and standards-guided development", the Company has taken a leading role or participated in drafting of a number of international, national, industry, and group standards and development or revision of two national standards in key fields such as furniture testing methods and polyurethane foam plastics, consistently contributing its expertise and strength to standardized development of the industry. In July 2025, the Company was recognized as one of the "Top 200 Enterprises in China's Light Industry" and "Top 10 Enterprises in China's Upholstered Furniture Industry".

Healthcare Co., Ltd.'s Membership in Industry Associations and Chambers of Commerce

S/N	Organization Name	Class of Position
1	China Chamber of Commerce for Import & Export of Light Industrial Products & Arts-Crafts	Vice President Unit (Concurrent)
2	China National Furniture Association	Executive Director Unit
3	Polyurethane Products Committee of China Plastics Processing Industry Association	Executive Director Unit
4	China Furniture & Decoration Chamber of Commerce	Vice-Chairman Unit
5	Jiangsu Furniture Industry Association, Jiangsu Furniture & Decoration Chamber of Commerce	Executive Vice President Unit
6	Nantong Household Industry Chamber of Commerce	Vice-Chairman Unit
7	Shenzhen Furniture Association	Council Unit
8	China Home Textile Association	Council Unit
9	China Chamber of Commerce for Import and Export of Textiles	Council Unit
10	China Silver Industry Association	Council Unit
11	China Polyurethane Industry Association	Member
12	International Sleep Products Association	Member
13	China Nonwovens & Industrial Textiles Association	Member
14	Rugao Entrepreneurs Association	Member
15	China Sleep Research Society	Member
16	Jiangsu Educational Equipment Industry Association	Member
17	China Chamber of International Commerce	Member

**Case** Participation in Shenzhen Creative Week

In March 2025, Healthcare Co., Ltd. showcased its proprietary brands and a variety of flagship new products at the Shenzhen Creative Week. The exhibits covered categories such as bedding, sofas, and custom furniture, creating a one-stop "zero-pressure living space" spanning the bedroom, living/dining room and tea room to meet users' comprehensive comfort needs. The Company also launched new smart beds and light-care products designed for elderly and pregnant users, demonstrating its innovative achievements in smart home technology, deepening the concept of "pressure-relieving living", and bringing a more comfortable home experience to a broader user base.



On-site Photo at the Shenzhen Creative Week

**Case** Government-Enterprise Collaboration in Smart Senior Care

In June 2025, Healthcare Co., Ltd., in collaboration with JD.com, held the "Pressure-Relieving Smart Bed Launch Event" at JD MALL in Nanjing, focusing on improving the quality of life for the elderly. It launched the "MLILY Pressure-Relieving Smart Bed HC" specifically designed for elderly users. This product has obtained the senior-friendly health care certification under national standards and is eligible for an elderly care subsidy of up to 30% from the Nanjing municipal government, serving as a model of government-enterprise cooperation in smart senior care.



On-site Photo at the "Pressure-Relieving Smart Bed Launch Event"

**Case** Participation in the 56<sup>th</sup> China (Shanghai) International Furniture Fair

In September 2025, Healthcare Co., Ltd. presented a range of smart sleep products at the China (Shanghai) International Furniture Fair. Focusing on the deep integration of technological innovation and user needs, the Company showcased several practical new smart bed products, including the L7 series integrated with Huawei HarmonyOS Smart Home, the S series supporting Mi Home, and health care products. These products precisely cater to diverse sleep scenarios of different user groups, consistently delivering a smarter and more comfortable sleep experience for consumers.



On-site Photo at the 56<sup>th</sup> China (Shanghai) International Furniture Fair

## Innovation Achievements

Healthcare Co., Ltd. continues to focus on its core business and uphold innovation-driven development. Leveraging strong R&D capabilities and technological strength, the Company was awarded the 2025 AWE Award of Innovation. Additionally, the Company's non-temperature-sensitive pressure-relieving cotton exhibits excellent uniform pressure dispersion performance, effectively addressing the temperature sensitivity limitations of traditional memory foam.

[ During the Reporting Period ]

The Company had **20** new product development projects.



## Protection of Intellectual Property Rights

Healthcare Co., Ltd. strictly abides by laws and regulations such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*. In combination with its specific situation, the Company has formulated internal policies such as the *Intellectual Property Management System* and the *Patent Management System*, defining standards and requirements for full-process intellectual property (IP) management, strengthening institutional protection, safeguarding innovation achievements, and supporting sustained and healthy development. In addition, the Company focuses on building IP management capabilities and fostering an IP protection culture, and enhances employees' awareness of IP compliance through diverse IP-themed training, laying a solid talent and capability foundation for establishing a high-quality and standardized IP management system.

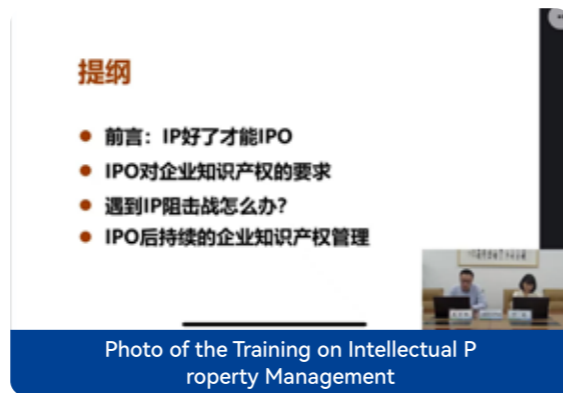
[ During the Reporting Period ]

The Company held a cumulative total of	including		
<b>324</b> authorized patents	<b>62</b> invention patents (of which there were <b>26</b> domestic invention patents)	<b>115</b> utility model patents	<b>147</b> design patents
a cumulative total of		The Company filed	of which
<b>18</b> software copyrights	<b>894</b> trademarks	<b>71</b> patent applications	<b>36</b> were granted
	<b>11</b> published papers		

Case

Training on Intellectual Property Management

In 2025, the Company organized relevant personnel from technology, R&D, and legal departments to participate in professional training on pre- and post-IPO IP risk prevention guidelines, application and implementation of the projects under "Jiangsu Province High-Value Patent Cultivation Program", and interpretation and implementation of national standards for IP compliance management. Closely aligned with the Company's actual needs in technological innovation and market development, the training effectively enhanced the Company's precision in cultivating high-value patents, promoted the improvement of the IP compliance management system, and provided solid protection for the Company's intellectual property compliance management.



## Science and Technology Ethics

Healthcare Co., Ltd. steadfastly upholds the development concept of "using technology for good" and strictly complies with the ethical standards in science and technology. The Company focuses on the research, development, production, and sales of memory foam mattresses, memory foam pillows, sofas, adjustable electric bases, and other home furnishings. During the reporting period, the Company's core business did not involve science and technology ethically sensitive technology areas such as life sciences and genetic engineering, and the Company did not face any significant risks or challenges related to science and technology ethics.



## Supply Chain Security

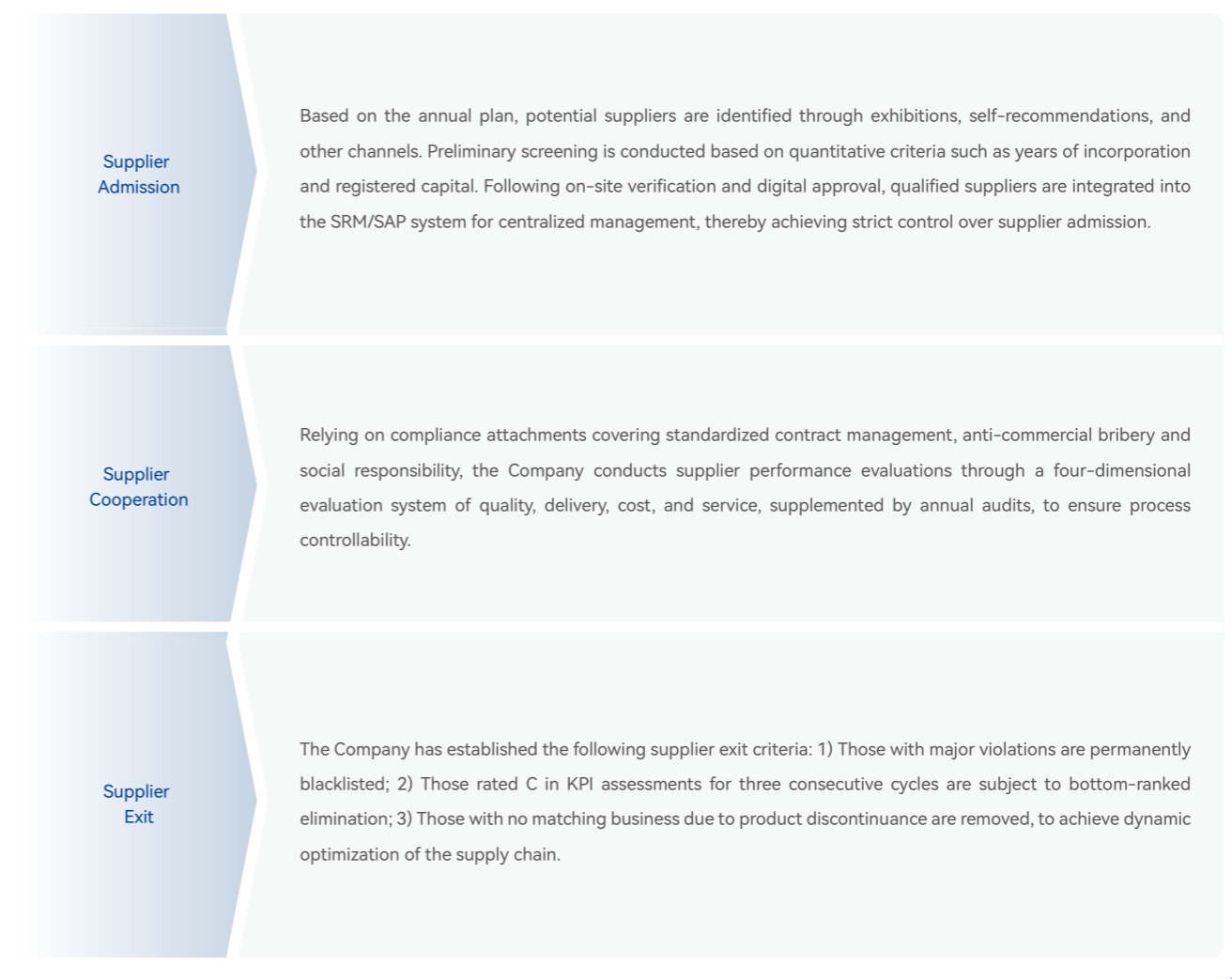
Aligned with the trends of green transformation and digital upgrading in the furniture industry, and closely following national policies and guidelines such as the *Implementation Plan for Digital Transformation of the Light Industry and the Evaluation Requirements for Green Supply Chain in the Furniture Industry*, Healthcare Co., Ltd. remains committed to the development strategy of "global production capacity and international brand". The Company has established a robust supply chain management system characterized by compliance, transparency, green coordination, and dynamic optimization, laying a solid foundation for its global production footprint and global brand expansion.

## Governance

Healthcare Co., Ltd. continues to strengthen supply chain development. To this end, the Company has established management systems such as the *Supplier Management Measures*, *Procurement Management Operation Measures*, *Procurement Price Management Operation Measures*, and *Procurement Payment and Invoice Management System*, creating a comprehensive and standardized supply chain management framework. The Company has developed and adopted an integrated supply chain governance model featuring "standardized admission, full-process control, and dynamic exit". Through coordinated management measures across all stages, the Company has effectively enhanced the compliance, stability, and synergy of its supply chain.

In terms of supplier admission, the Company strictly implements a mechanism of "multi-channel sourcing, tiered standard screening, and digital admission" to control supplier quality from the source and maintain compliant and controllable supply chain inputs. In terms of supplier cooperation, the Company adopts a dual-track management approach combining "contractual compliance + audit and evaluation", setting cooperation baselines through contract terms and conducting regular audits and multidimensional assessments to strengthen process supervision. In terms of supplier exit, the Company has established exit criteria covering "blacklisting, bottom-ranked elimination, and end-of-lifecycle termination" to dynamically optimize the supply chain ecosystem and continuously remove inefficient or non-compliant partners, thereby further reinforcing supply chain resilience and the foundation for high-quality development.

### Supplier Lifecycle Management System



## Strategy

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Raw Material Price Fluctuation Risk</b>	The prices of raw materials for the Company's core products are influenced by factors such as market supply and demand, climate conditions, and policies. Significant fluctuations in raw material prices may increase production and operating costs, thus resulting in a squeeze on profits.	Medium	High	Short to medium term	Procurement and Production	High	Increased procurement costs and operating costs	Continuously monitor global raw material price trends and enter into long-term strategic cooperation agreements with core raw material suppliers; reduce raw material consumption through technological upgrades and optimization to mitigate the impact of price fluctuations on operations.
<b>Transportation Cost Risk</b>	With the rapid growth of overseas online business, uncertainties such as shipping routes and geopolitical factors may cause fluctuations in logistics prices and international logistics lead time, potentially affecting warehousing and logistics efficiency.	Medium	High	Short to medium term	Warehousing and Transportation	High	Increased logistics costs	Optimize overseas warehouse layout, integrate warehousing resources of overseas factories, and build an integrated "factory + warehouse" system; expand multi-route logistics to mitigate risks associated with reliance on a single route.
<b>Policy and Legal Risks</b>	Environmental regulations, geopolitical factors, and export policies continue to challenge the Company's global supply chain layout, leading to unstable raw material supply and affecting production cost control and product delivery capability.	High	High	Medium to long term	Selling	High	Increased operating cost and reduced operating revenue	Timely monitor relevant domestic and international laws and regulations, dynamically adjust internal management and production activities, and actively implement internal and external coordination strategies.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Policy Opportunities</b>	Against a backdrop of rising global trade barriers, the Company can fully leverage its localized overseas supply chain layout to mitigate trade risks and enhance fulfillment efficiency.	Medium	High	Medium to long term	Procurement, Production, and Sales	High	Reduction in operating cost and increase in operating revenue	Optimize the layout of global production bases and explore opportunities for regional cooperation; accelerate the construction of overseas e-commerce warehouses, closely monitor policy developments, and actively seek policy support.
<b>Market Opportunities</b>	By optimizing supplier cooperation models, improving supply chain synergy, and advancing green procurement and technological innovation, the Company can unlock potential business opportunities that enhance competitiveness, expand market share, and elevate brand value.	Medium	High	Medium to long term	Procurement and Production	High	Reduced production costs and increased operating revenue	Establish a supplier empowerment and collaboration platform by leveraging the Company's global market layout and industry influence to attract high-quality suppliers into the supply chain system, sharing the growth benefits of the global upholstered furniture market.

## Impact, Risk, and Opportunity Management

In supply chain risk management, Healthcare Co., Ltd. follows the safety principles of "prevention first, comprehensive management, and win-win cooperation". Based on its supply chain operations, the Company has established a closed-loop system covering the entire process of "identification-assessment-control-response", enabling comprehensive and continuous management of core risk sources, minimizing potential losses, and maintaining efficient and stable operations of the supply chain.



## Metrics and Targets

With the goal of building a sustainable supply chain, Healthcare Co., Ltd. continues to optimize its supply chain management system, enhance operational efficiency across the entire supply chain, and promote the sustainable development of the supply chain.

Supply Chain Management Objectives		Achievements in 2025
Supplier Assessment and Management	Percentage of Qualified Suppliers: 100%	Achieved
	Willingness to Sign the Supplier Code of Conduct: Rise	Achieved
Supplier Operation Management	Rate of Suppliers Participating in Sustainability Training: Rise	Achieved

### [ During the Reporting Period ]

The Company had a total of **2,142** suppliers in its supplier system

- including **200** certified under ISO 9001 Quality Management System
- and **100** under ISO 45001 Occupational Health and Safety Management System

There were **0** suppliers whose cooperation was terminated due to non-compliance

**160** under ISO 14001 Environmental Management System

and **0** potential suppliers who were rejected. Besides, there were no incidents with significant risks and impacts in the supply chain

## Supply Chain ESG Management

### Integrity-based Supply Chain

Healthcare Co., Ltd. steadily advances the construction of an integrity-based supply chain system by strengthening both internal management standards and external cooperation constraints to build a robust defense against integrity risks across the supply chain. The Company attaches an *Anti-Commercial Bribery Agreement* to its annual framework contracts and signs both the Integrity Agreement and the Supplier ESG Commitment Letter with external suppliers, clearly defining the responsibilities and bottom lines for integrity-based cooperation. By establishing external integrity-based cooperation mechanisms, the Company actively fosters a supply chain ecosystem rooted in integrity, compliance, and mutual benefit.

## Responsible Supply Chain

Healthcare Co., Ltd. continues to build a responsible supply chain management system by deeply integrating the concepts of social responsibility, compliant operations, and green development into the supplier lifecycle management. The Company explicitly attaches the Anti-Commercial Bribery Agreement, Social Responsibility Checklist, Trade Security Checklist, and other relevant documents to cooperation contracts, strictly upholding social responsibility bottom lines, including the prohibition of child labor, fair employment, and occupational health and safety. A special audit team has been established to conduct regular audits and performance evaluations in accordance with the annual plan. Leveraging digital management, the Company has developed the SRM system to enable supplier information surveys and certification uploads. For different material categories and supplier profiles, the Company has established a mechanism for regular renewal of key green certifications, including ISO, GRS, OEKO, and FSC, to achieve green compliance at the source, promote a green and responsible supply chain ecosystem, and support sustainable operations across the entire chain.

## Supplier Training

Healthcare Co., Ltd. places great emphasis on the coordinated development of the supply chain. Focusing on core ESG issues, the Company regularly organizes external training for suppliers to precisely communicate industry compliance requirements and sustainability concepts. This helps suppliers enhance their ESG management capabilities in tandem with the Company and fosters a supply chain development model characterized by aligned values, matched capabilities, and efficient coordination between the Company and its suppliers, ultimately boosting both the overall competitiveness and the sustainability of the supply chain.

### [ During the Reporting Period ]

The Company delivered a total of **11** ESG training sessions for suppliers, covering **105** suppliers and totaling **91** training hours.

Case
Online ESG Training for Suppliers

In June 2025, Healthcare Co., Ltd. organized an online ESG training program for suppliers. The training focused on three core modules: the fundamentals of ESG, ESG risk management across the supply chain, and practical risk control measures. By drawing on typical industry cases, the training provided an in-depth analysis of ESG issues, helping suppliers translate ESG concepts into concrete actions.



Online ESG Training for Suppliers

# Protection of Employees' Rights and Interests

## Governance

The Company has established an employee management system covering recruitment, performance and attendance management, training and development, departure management, and occupational health and safety. Supported by specialized policies, the system strictly standardizes full-process employee management, aiming to provide a fair, just, open, and transparent career development platform and to safeguard the legitimate rights and interests of every employee.



### Management Policies

Recruitment and Employment	<i>Recruitment Management System, Measures for Probation Period Management, Measures for Position Management, Measures for Employee Position Change, etc.</i>
Compensation and Benefit	<i>Attendance Management System, Performance Management System, etc.</i>
Employee Training and Development	<i>Training Management System, Healthcare Co., Ltd. Management Trainee Training Methods, Measures for Job Grade Evaluation, etc.</i>
Resignation Management	<i>Measures for Position Change, etc.</i>
Occupational Health and Safety	<i>Occupational Disease Prevention Publicity, Education and Training System, Personal Protective Equipment Management System, Occupational Hazard Prevention Responsibility System, Incident Reporting Management System, Management System for Performance Evaluation of Work Safety Standardization, Healthcare Co., Ltd. Work Safety Incentive Management System, Basic Safety Rules and Reward &amp; Punishment Regulations, etc.</i>

## Equal Treatment of Small and Medium-Sized Enterprises

Healthcare Co., Ltd. strictly complies with relevant laws and regulations and provides fair and equitable treatment for small- and medium-sized enterprises in supplier admission, cooperation management, and payment processes, without imposing discriminatory conditions or unreasonable obligations. During the reporting period, the Company valued good relationships with its suppliers, treated all partners equally, and fostered a mutually beneficial supply chain ecosystem.

The Company strictly complies with the *Labor Law of the People's Republic of China* and other applicable laws and regulations, firmly opposes all forms of discrimination and forced labor, and prohibits the use of child labor. Adhering to the employment principles of "equal opportunity, fair competition, and merit-based selection", the Company has built a diversified talent acquisition system that leverages campus recruitment, social recruitment, internal referrals, and online platforms to attract outstanding talent. Meanwhile, the Company actively fulfills its social responsibilities by developing adaptive positions and providing specialized training for individuals with disabilities to safeguard their equal employment rights and continuously promote workplace diversity. Furthermore, the Company respects employees' diverse cultural backgrounds and values, and fosters an open and inclusive work environment. For expatriate employees, the Company has established a sound support mechanism, including systematic training on the cultural practices, laws, regulations, and policy environments of destination countries, helping them quickly adapt to overseas working and living environment while facilitating deep integration and efficient collaboration within cross-cultural teams.

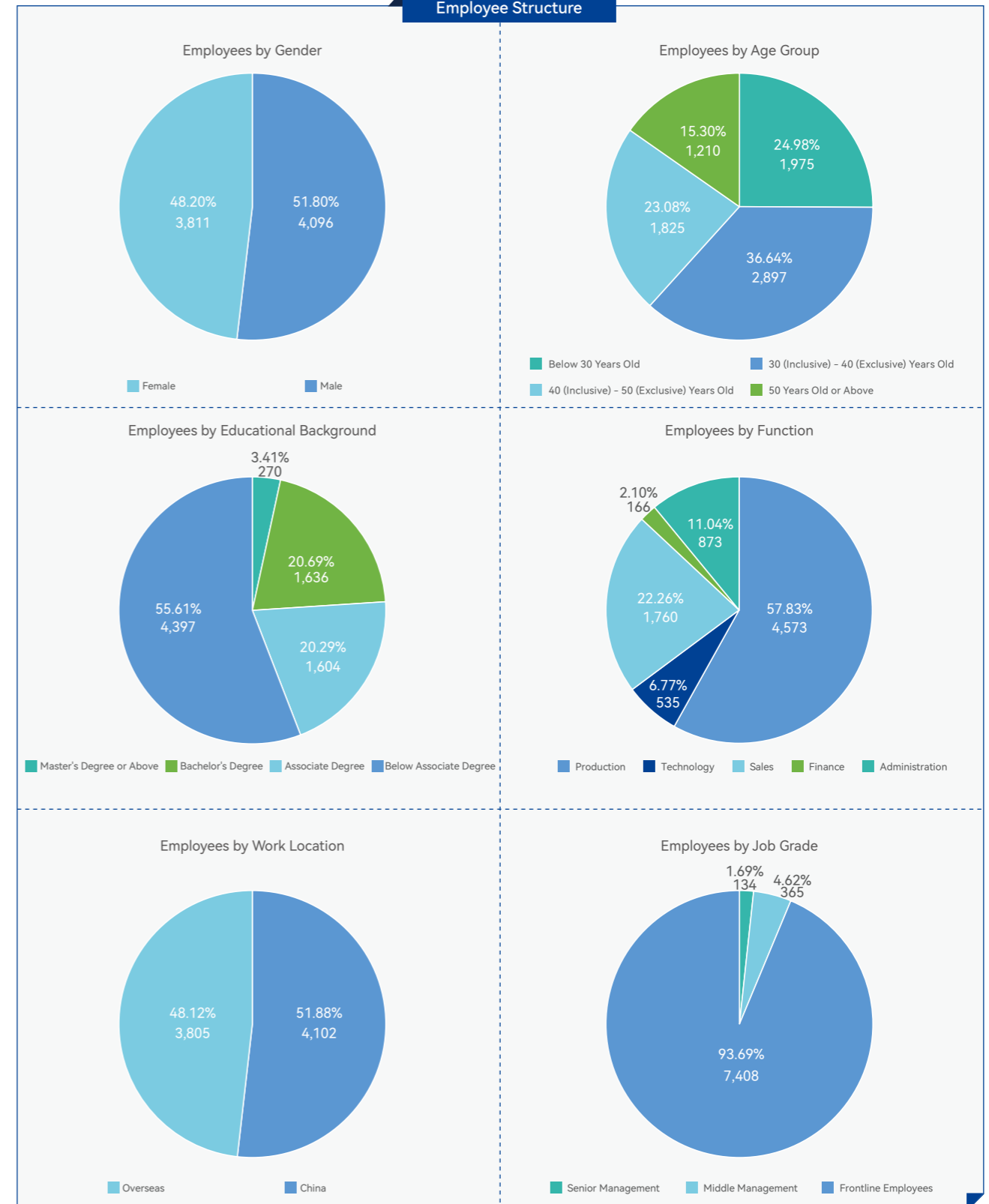


**[ During the Reporting Period ]**

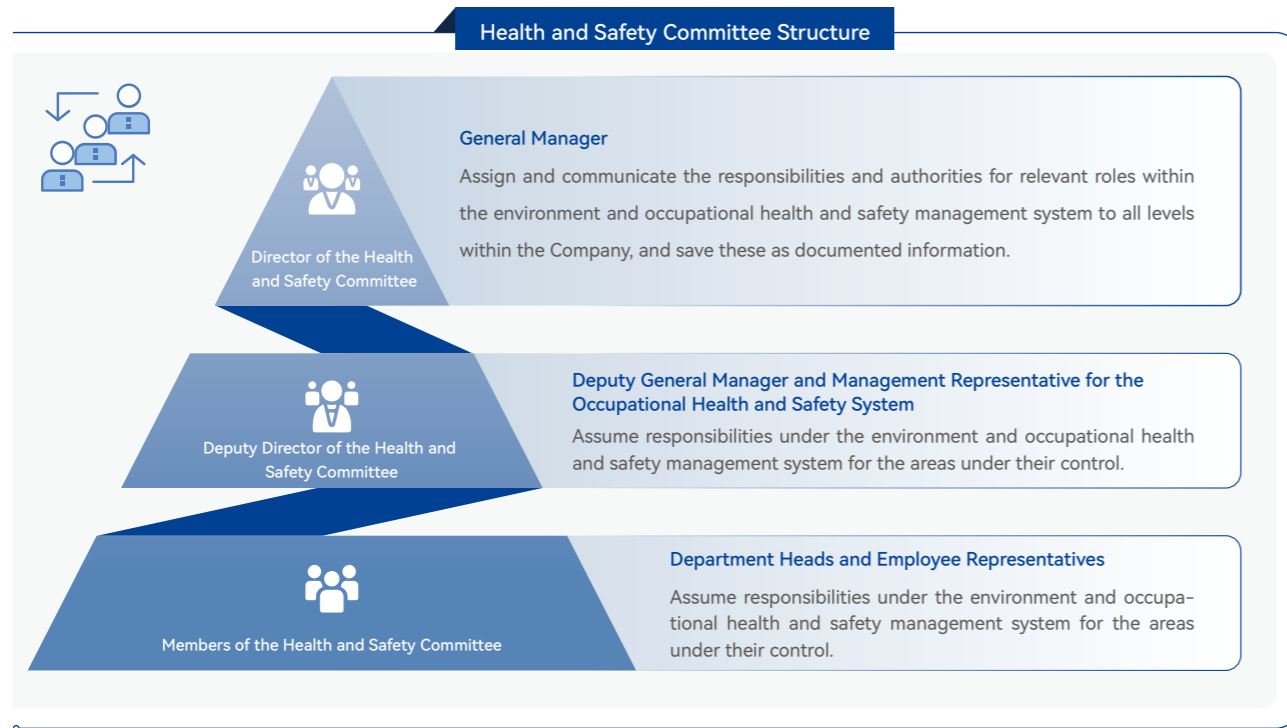
The Company had a total of **7,907** employees including **51** employees with disabilities, **381** employees from ethnic minority groups, and **81** veterans.

The labor contract signing rate was **100%** and there were no incidents of child labor or forced labor in any form.

**Employee Structure**



The Company has established a Health and Safety Committee to coordinate decision-making and actions in the field of occupational health and safety and to take a leading role in addressing major occupational health and safety issues. During the reporting period, the Company and its subsidiary Nisco obtained ISO 45001 Occupational Health and Safety Management System certification.

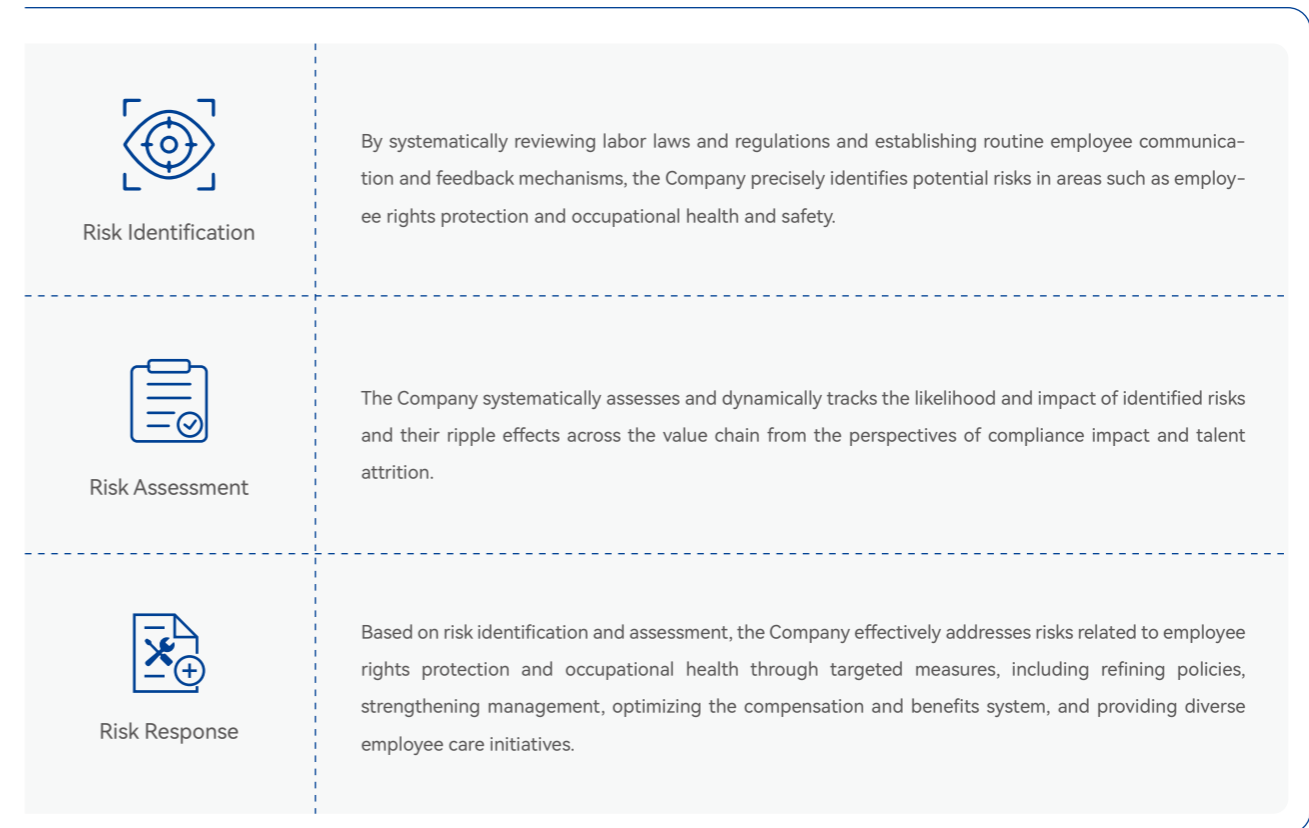


ISO 45001 Occupational Health and Safety Management System Certificate

## Strategy

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Legal Risk	In business operations, failure to keep abreast of policy changes, inadequate understanding of new regulations, or lapses in the implementation of labor laws and regulations may result in legal violations, compliance risks, administrative penalties, and adverse impacts on operations and financial status.	Low	Medium	Short, medium and long term	Operations	Medium	Increased operating costs and non-operating expenses	Establish a routine policy monitoring mechanism, with designated personnel responsible for tracking, interpreting, and disseminating updates on industry regulations and labor laws; conduct regular training on regulations and compliance self-assessments, improve the occupational health and safety management system, and carry out routine risk assessments and hazard controls to maintain compliant operations and reduce the risk of penalties.
Operational Risk	Failure to effectively safeguard employees' fundamental rights or the departure of key talent may result in increased recruitment difficulties or decreased employee satisfaction, posing challenges to operational management.	Low	Medium	Medium to long term	Operations	Medium	Increase in operating costs	Promptly monitor employees' psychological well-being and needs, create a positive work environment, fully safeguard employees' legitimate rights and interests, and enhance their sense of belonging; Build a robust talent pipeline to mitigate risks arising from employee turnover.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
Market Opportunities	The Company can offer cross-regional and cross-cultural work opportunities by leveraging the global layout to attract top talent from around the world and establish a solid talent foundation for corporate development and growth.	Medium	High	Medium term	Operations	High	Reduction in operating costs	Offer "multi-location work opportunities" and "overseas learning opportunities" to attract high-end talent aspiring to international career development. This approach addresses talent needs for overseas expansion, facilitates internal knowledge sharing and cultural integration, and enhances global collaboration efficiency.
Management Efficiency	With a positive organizational culture coupled with robust employee rights protection mechanisms, the Company can enhance employees' sense of belonging, attract and retain top talent, and continuously improve operational efficiency.	Medium	Medium	Medium to long term	Operations	Medium	Reduction in operating costs	Effectively implement employee rights protection measures, improve the employee benefits system, and establish a comprehensive framework for talent acquisition, development, retention, and growth to attract outstanding talent and solidify the human capital foundation for innovation-driven development.



## Metrics and Targets

Healthcare Co., Ltd. has set clear annual targets for employee rights protection and occupational health and safety management, and adopted a target-oriented approach to facilitate the protection of employee rights. These targets cover anti-discrimination, prohibition of child labor, employee training. All targets have been successfully achieved, demonstrating the Company's steadfast commitment and tangible achievements in compliance and employee care.

Targets	Achievements in 2025
Incidents of discrimination or child labor: 0	Achieved
Coverage Rate of New Employee Training: 100%	Achieved

## Impact, Risk, and Opportunity Management

Healthcare Co., Ltd. adopts a multi-dimensional and systematic approach to employee risk management. Based on a solid foundation of compliant operations and steady growth, and supported by a scientific compensation and benefits system, compliant work safety management practices, compassionate employee care initiatives, and a diverse range of cultural and recreational activities, the Company actively identifies, assesses, and responds to potential employee-related risks and opportunities, and steadily develops a sustainable, high-quality talent pipeline, thereby reinforcing the human capital foundation for long-term corporate development and growth.

## Remuneration and Benefits

Based on its actual business operations, Healthcare Co., Ltd. has developed the *Performance Management System* to build a performance-oriented compensation and performance management system that balances fairness and market competitiveness. The Company strictly follows the principle of "equal pay for equal work" to promote gender equality in salary grade and promotion opportunities and resolutely eliminates gender discrimination. Employee compensation includes base salary, position allowances, performance-based pay, and subsidies. A differentiated pay strategy is adopted for different jobs, effectively motivating employees' initiative and creativity and supporting the Company's sustainable and steady growth.

In terms of performance management, the Company has established a closed-loop full-cycle mechanism covering planning, coaching, evaluation, and feedback, with monthly, semi-annual, and annual evaluation cycles. Performance evaluations focus on two dimensions: performance outcomes and values alignment. Additionally, the Company has put in place a robust performance feedback and appeal mechanism, allowing employees to communicate their concerns to department heads or the Human Resources Center via multiple channels such as phone, email, or written correspondence. This helps ensure transparency and fairness in evaluation and safeguard employees' right to know and oversight.

The Company consistently places employee rights protection at the core and continuously improves the benefits system to provide a solid backing for employees from safeguarding statutory rights to offering welfare care, thus effectively enhancing employees' sense of security and belonging.

### Benefits System



Mandated Benefits

Make statutory contributions to pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, medical insurance, and housing provident fund, and provide regular health check-up services for employees.



Paid Leave

Implement a paid leave system to safeguard employees' statutory leave entitlements, including sick leave, maternity leave, breastfeeding leave, annual leave, marriage leave, and paternity leave.



Welfare and Care

Provide welfare benefits such as condolence payments, holiday gifts, and meal allowances, housing allowances, purchase supplementary insurance, including group accident insurance, critical illness insurance, and employer liability insurance, and offer lifestyle benefits, e.g., physiotherapy services and movie tickets.

### [ During the Reporting Period ]

The Company's social insurance coverage rate was

**100%**

total welfare expenditures amounted to RMB

**252.2679** million

the Expenditures on Basic Benefits amounted to RMB

**218.4162** million

and Expenditures on Special Benefits amounted to RMB

**33.8517** million

## Employee Training and Development

Attaching great importance to employee growth and development, Healthcare Co., Ltd. has developed a series of policies, including the *Training Management System* and the *Healthcare Co., Ltd. Management Trainee Training Methods*, and established a comprehensive, multi-tiered training system to enhance employees' capabilities throughout their career lifecycle and boost the joint growth of employees and the Company.

### Construction of Training System

Training for New Employees

Provide guidance on career development and training on job-specific skills to help new employees integrate quickly into the Company and meet job requirements.

Management Trainee Development

Provide training on corporate culture and job-specific competencies to accelerate the role development and skill advancement of management trainees.

Internal Trainer Team

Continuously enhance the professional expertise and teaching capabilities of internal trainers through initiatives such as rigorous selection of high-caliber candidates, multi-channel development programs, and practical exercises.

Online Learning Platform

Establish a comprehensive online learning platform that features rich course resources to satisfy the diverse and personalized learning needs of employees in different roles.



In terms of career development pathways, the Company has formulated the *Measures for Job Grade Evaluation* and established a diversified job grade system that covers the management track, professional track, and worker track. This system clearly defines the promotion paths, basic requirements, and evaluation criteria for each track. Additionally, the Company takes into account the differentiated requirements for domestic and overseas roles, and incorporates individual performance, departmental performance, professional competencies, and cultural values into the evaluation framework. The Company has established annual routine evaluation and mid-year special assessment mechanisms and appeal channels, linking grade adjustments with salary changes. This provides employees in different roles with clear and accessible career development pathways, and reinforces the foundation for the Company's talent pipeline development.

[ During the Reporting Period ]

The Company had an internal trainer team consisting of <b>101</b> members	who developed <b>172</b> company-level courses	It invested RMB <b>1.7472</b> million in employee training	delivering employee training sessions <b>1,262</b>
and engaging <b>8,366</b> participants	with a coverage rate of <b>100%</b>	a total training duration of <b>28,262.02</b> hours (excluding informal training hours)	and an average training duration of <b>3.57</b> hours per person.

Case Special Training for Management Trainees



On July 4, 2025, the Company conducted special training for the 2025 management trainees, focusing on two key dimensions: corporate culture development and overseas business expansion. The training provided a systematic overview of the Company's corporate culture and shared real cases to help trainees gain a deep understanding of the Company's core values. The training also offered a comprehensive introduction to the six overseas production bases and their local cultures and customs, enabling trainees to grasp the strategic rationale behind the Company's global footprint.

The training was highly effective, with both courses receiving a trainee satisfaction score of 4.8 out of 5. It successfully facilitated the rapid integration of trainees into the corporate ecosystem, helped trainees develop a holistic understanding of business development, and laid a solid foundation for their career growth and the Company's long-term development.



Corporate Culture Training / Overseas Production Base Training

Case Dream Chaser Program



During the reporting period, Shanghai Mlily launched the "Dream Chaser Program", a specialized training program focused on enhancing the capabilities of high-potential employees, with an aim to strengthen its core talent pipeline and support employees' career advancement. The program offered dedicated training tracks such as management, technical, and production tracks, with course content tailored to the competency needs of different roles. Training was delivered by internal trainers through a combination of offline teaching and online review. The program also incorporated a feedback mechanism to track learning outcomes via post-training surveys, practical assessments, and periodic performance evaluations. The program received a score of 4.94 out of 5, improving employees' job competence and work efficiency and effectively reinforcing the Company's talent pipeline.



Training for Dream Chaser Program

Case Key Talent Workshop Training



Shanghai Mlily provided specialized workshop training for relevant business teams, focusing on three core modules: cooperation standards, quality control, and cross-department collaboration. Training was delivered by experienced internal trainers through a blended approach combining theoretical teaching, case studies, and interactive discussions. The workshop received a score of 4.97 out of 5, significantly enhancing the business capabilities and problem-solving efficiency of key personnel and laying a strong talent foundation for business collaboration.



Key Talent Workshop Training

## Management of Work Safety

### Work Safety Responsibility System

In strict accordance with the work safety policy of "giving first place to safety, laying stress on prevention and taking integrated actions" and the principle of "whoever is in charge is responsible, whoever is the principal is accountable", Healthcare Co., Ltd. has formulated the *Work Safety Responsibility Management System*. This system designates the administrative head of each department as the primary responsible person for safety, fire protection, and occupational health within the department, and defines the work safety management responsibilities across all levels from management to frontline employees, with an aim to fully implement a company-wide work safety responsibility system to effectively safeguard the health and safety of employees and the property safety of the Company.

On this basis, the Company has established the *Work Safety Target Management System*, *Performance Assessment Methods for the Work Safety Responsibility System*, and *Work Safety Accountability Management System*, clearly specifying the requirements for setting, decomposing, implementing, and assessing safety targets. Safety targets are decomposed from top to bottom to departments, teams, and individuals in the form of responsibility letters, supported by guarantee measures. Monthly and annual performance evaluations are conducted under the leadership of the Company's primary executives, combined with a reward and punishment mechanism to strengthen the implementation of the work safety responsibility system, promote the fulfillment of work safety responsibilities across all levels, and facilitate the achievement of work safety targets.

Work Safety Management Targets	Achievements in 2025
Chemical spill accidents: 0	Achieved
Fire accidents: 0	Achieved

### Classification of Safety Risks

The Company has formulated the *Management System for Safety Risk Control*. According to this system, the Company conducts comprehensive risk identification by collecting relevant information, classifies risk levels using professional assessment methods such as the LEC evaluation method, and develops control measures from various aspects, including engineering technology, management, and training education. In addition, the Company maintains a risk control checklist and issues public warnings. Risk control measures are dynamically updated based on regulatory revisions, hazard changes, and other factors. These approaches enhance the Company's safety management and risk control capabilities, thereby building a strong line of defense for work safety.

#### Safety Risk Control



#### Case

### Hazard Identification and Control Training



On July 24, 2025, the Company conducted specialized training on hazard identification and control with a focus on "prevention first". The training explained the definition of hazards and risk level evaluations through case studies, clearly outlined the identification process, analyzed key points for hazard identification using multiple scenarios, and emphasized risk control through measures such as process improvement, equipment maintenance, and standardized protection. This training was aimed at further building the risk prevention and control system and enhancing employees' safety awareness and professional competence, thus preventing accidents at the source.

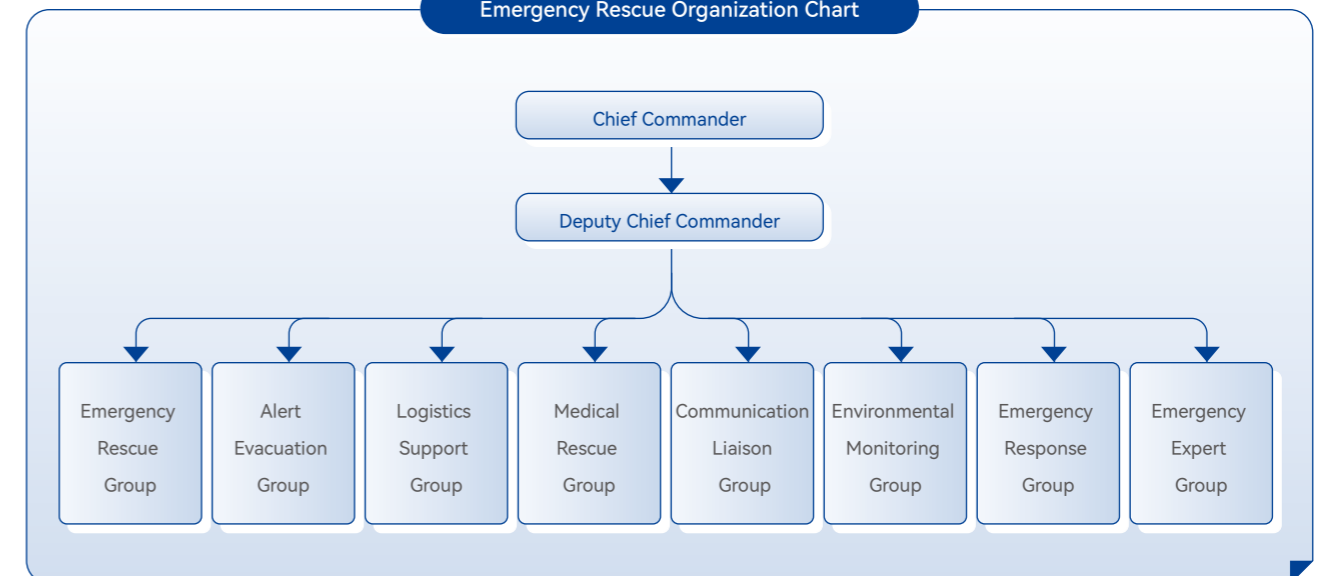


Hazard Identification and Control Training

### Safety Emergency Management

To establish a strong line of defense for work safety, Healthcare Co., Ltd. has developed the *Emergency Plan for Work Safety Accidents*, established an organizational structure for emergency response with clear roles and responsibilities, defined accident classification standards and response mechanisms, and standardized the entire process of information reporting, early warning, response initiation, handling, and termination. In addition, the Company maintains sufficient emergency supplies and internal/external emergency resources, conducts regular emergency drills, and periodically evaluates and revises the emergency plan, thereby effectively enhancing the accident prevention and emergency response capabilities and safeguarding employees' health and safety.

#### Emergency Rescue Organization Chart



[ During the Reporting Period ]

The Company conducted a total of **90** work safety emergency drills.

Case

Plant Fire Drill



On June 11, 2025, the Company's North Plant organized a fire emergency drill simulating a workshop fire scenario, aiming to enhance employees' emergency response and protection capabilities and verify the practicality of the emergency plan. Through exercises including fire reporting, personnel evacuation, and fire extinguisher operation, the drill helped employees gain a full understanding of evacuation procedures and fire extinguisher operation, thus effectively strengthening team coordination in emergency response and providing strong support for the Company's safe and stable operations.



Personnel Evacuation / Fire Extinguisher Operation / Drill Summary

Case

Forklift Operation Injury Emergency Drill



On December 19, 2025, the Company's Equipment Management Department organized a forklift operation injury emergency drill at the North Plant. The drill simulated an incident in which an operator was struck by a forklift in a blind spot. Participants completed various emergency operations according to standardized procedures, effectively verifying the practicality of the emergency plan and improving employees' overall emergency response capabilities and cross-team coordination skills.



Emergency Rescue Drill for Forklift-Related Injury

Potential Hazard Identification and Rectification

To establish a strong line of defense for work safety and effectively prevent safety accidents, Healthcare Co., Ltd. has formulated the *Potential Hazard Identification and Rectification Management System*, focusing on thorough inspections for issues such as inadequate equipment protection, non-compliant electrical wiring, and blocked fire protection passages and facilities. Upon identification of any hazard, accountability is promptly assigned and corrective actions are required within a specified timeframe. Meanwhile, departments are required to carry out routine self-inspections and checks to prevent and mitigate safety risks at the source, thereby effectively protecting employee life and health and maintaining the Company's stable operations.

[ During the Reporting Period ]

The Company's Potential Hazard Identification and Rectification Rate: **100%**

Construction of Safety Culture

To solidify the foundation of safety culture and strengthen safety awareness among all employees, Healthcare Co., Ltd. has formulated the *Safety Education and Training Management System*. The Company systematically advances the development of a safety culture through specialized training programs and fun activities, enhances employees' safety skills through theoretical explanations, case-based warnings, and in-class assessments, and boosts employees' participation through interactive activities, thus integrating safety concepts into daily work.

[ During the Reporting Period ]

The Company delivering **192** safety education and training sessions, A total of **55,665** attendances, and **4,194** participants were recorded, with a total training duration of **49,292** hours.

Case

Electrical Safety Knowledge Training



On May 27, 2025, the Company conducted specialized training on electrical safety and safety management in special high-risk operations. The training covered topics including safety requirements and protection technologies for electrical equipment, distribution room management standards, and emergency response to electrical accidents. It focused on the operating procedures for operators and maintenance workers, key points for lightning and electrostatic protection, and core standards such as safety voltage and insulating shielding. An in-class test was conducted, and all participants passed the test. This training effectively enhanced employees' awareness of safe operations and risk prevention capabilities, further strengthening the line of defense for work safety.



Electrical Safety Knowledge Training

### Case Special Operations Safety Management Training



On September 25, 2025, the Company conducted safety management training covering eight types of special operations, including hot work, work in confined spaces, work at height, temporary electrical work, and lifting operations. The training reinforced risk awareness through typical cases, clarified key requirements regarding work permit, certified personnel assignment, and on-site supervision, and provided detailed explanations of responsibilities, operating standards, and permit procedures for each type of operation, effectively enhancing the safety control capabilities of operation personnel and preventing personal injury and property loss.



Special Operations Safety Management Training

### Case Chemical Safety Knowledge Training



On April 29, 2025, the Company conducted internal training on chemical safety knowledge. The training covered the concept, classification, risks, MSDS (Material Safety Data Sheets), relevant laws, and company management regulations for hazardous chemicals. In combination with typical cases, the training focused on the physical and chemical properties, health risks, safe use, storage, handling and emergency response measures for commonly used chemicals, thus reinforcing risk warnings against improper operations. All participants passed the assessment, effectively enhancing their awareness of chemical safety and practical skills.



Chemical Safety Knowledge Training

## Management of Hazardous Chemicals

Healthcare Co., Ltd. strictly complies with the *Law of the People's Republic of China on the Safety of Hazardous Chemicals* and other applicable laws and regulations, and has established the *Hazardous Materials and Major Hazard Sources Management System*, which defines the full-process management requirements for the storage, requisition, and use of hazardous chemicals. By establishing a robust dual-prevention mechanism combining hierarchical risk control with potential hazard identification and rectification, improving emergency plans for incidents such as leaks and fires, and conducting regular chemical safety training, the Company has further standardized operational practices and greatly enhanced safety management for hazardous chemicals.

### Management of Hazardous Chemicals

Major Hazard Source Control	Standardize the registration and file establishment procedures, periodic assessment, dynamic monitoring, and filing procedures, and clearly define management responsibilities.
Warehouse and Storage Management	Implement segregated storage of hazardous chemicals by category, place safety warning signs in warehouses, and equip warehouses with safety facilities such as temperature and humidity monitoring, leak alarm, and fire/explosion prevention facilities; follow the "two-person, two-lock" system, requiring warehouse keepers to conduct daily inspections and record storage conditions.
Requisition	Follow approval and ledger registration procedures for material requisition, comply with job operating procedures, and adhere to the principle of "two-person operation, two-person review" in critical steps.
Use	Equip work areas with protective facilities such as emergency eye washers and gas masks, and conduct supervision through both video surveillance and on-site inspections to ensure safety control during operations.
Operation	Operators are allowed to work only after passing chemical knowledge training and assessment, and special equipment operators must hold relevant qualification certificates.
Process and Equipment Management	Conduct regular safety risk identification and assessment for production processes, facilities, and equipment, and prohibit the use of processes or equipment officially banned by the government.

### Case Emergency Drill for Chemical Leak and Work in Confined Space



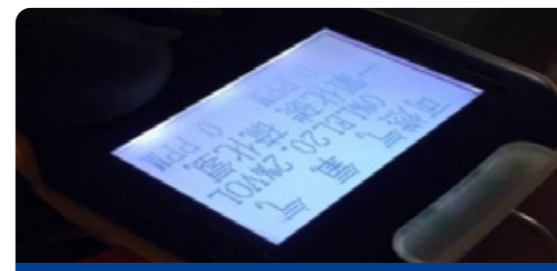
On June 3, 2025, the Company organized a comprehensive emergency drill at the raw material warehouse, covering chemical leaks, confined space operations, and major hazard incident rescue. The drill simulated an emergency scenario where a TDI leak caused by improper operations resulted in personnel poisoning and fainting. Emergency response teams collaborated closely to complete key procedures in an orderly manner, including casualty rescue, gas monitoring, leak containment, CPR, and demonstration of protective equipment use, as well as leak tank valve inspection and proper disposal of contaminants. This drill effectively verified the practicality and operability of the emergency plan and significantly enhanced employees' emergency response and coordinated rescue capabilities.



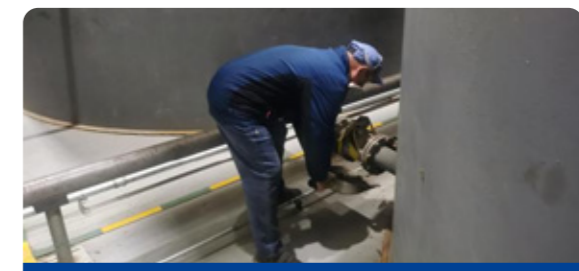
Start Ventilation System



Treatment of Injured Personnel



Combustible Gas Detection



Leak Point Identification and Inspection

## Safety Management for Related Parties

To fully reinforce the work safety responsibility chain and solidify the foundation of safe development, Healthcare Co., Ltd. has established the *Customer and Related Party Safety Management System* and the *Contractor, Supplier, and Related Party Safety Management System*. These systems standardize safety management for contractors, lessors, and other related parties, designate the Safety and Environmental Protection Department as the body responsible for drafting safety agreements, conducting plant-level safety education, and performing on-site safety inspections, and also clarify the security deposit and reward and punishment mechanisms, thereby creating a safety management system characterized by multi-party coordination, clear roles and responsibilities, and effective control.

### Case

#### Safety Disclosure Training for Related Parties



On February 20, 2025, the Company's Safety and Environmental Protection Department organized safety disclosure training for related parties. 19 related parties participated in the training and passed the assessment. In accordance with the *Law of the People's Republic of China on Work Safety* and other applicable laws and regulations, the training focused on the necessity of safety and technical disclosure, responsibilities of related parties, implementation methods, and typical case studies, and clarified that the disclosure must cover core content such as work scope, hazards, preventive measures, and emergency response, helping related parties clearly understand their work safety responsibilities, standardize operational procedures, strengthen risk awareness, and maintain safety in on-site operations.



Safety Disclosure Training for Related Parties

## Digital Safety Construction

Healthcare Co., Ltd. has established a digital safety management system covering risk reporting, self-inspection and rectification, and special management, enabling online, standardized, and traceable work safety management. The system features core modules such as risk reporting and QR code-based self-inspection, supported by a real-time data dashboard that provides data support for management decision-making. The system promotes dynamic risk classification control, closed-loop hazard identification and rectification, and online implementation of special and emergency management. The system has achieved a 100% hazard rectification rate, and enables traceable and assessable safety management in alignment with regulatory requirements.



Jiangsu Province Industrial Enterprise Work Safety Risk Reporting System

## Occupational Health and Safety

To prevent and control occupational hazards, Healthcare Co., Ltd. has formulated the *Occupational Health Management Procedure*, defining the roles and responsibilities of the Safety and Environmental Protection Department and other relevant departments. The Company strictly implements the "three simultaneities" requirement for occupational health in construction projects, conducts routine identification, monitoring, and compliance reporting of occupational hazards, and prepares the *Occupational Health Examination Summary Reports*. Additionally, the Company has enhanced its three-tier safety education and training mechanism and hazard notification mechanism, equipped adequate emergency facilities and personal protective equipment, implemented full-cycle occupational health monitoring for employees exposed to occupational hazards, covering pre-employment, in-service, and post-employment stages, and strengthened process supervision and hazard rectification to effectively safeguard employees' occupational health rights and interests.

### Safety Warning Signs/ Noise Hazard Notification Signs



### [ During the Reporting Period ]

The Investment in Work-Related Injury Insurance within Chinese Mainland of the Company was RMB **3.2887** million

with a **100%** Coverage

Rate of Work-Related Injury Insurance within Chinese Mainland

with a **100%** Coverage Rate of

Work Safety Liability Insurance

the Investment in Work Safety Liability Insurance was

RMB **21,500**

and the Permit Holding Rate for Personnel

Engaged in Special Operations was **100%**.



**Case Training on Occupational Health**

On March 20, 2025, the Company conducted specialized occupational health training in line with the principle of "putting prevention first and combining prevention and control". The training covered the characteristics, health risks, and emergency response measures for occupational hazards such as dust, noise, and hazardous chemicals, clarified specific protection requirements, and reinforced risk awareness through relevant poisoning case studies. This helped employees enhance their occupational health protection awareness and practical skills.

Training on Occupational Health

**Case First Aid Training**

On June 12, 2025, Shanghai Mily, in partnership with the Xinhong Community Development Foundation, offered a specialized first aid training program focused on "heart" health, with active participation from employees. The training focused on practical first aid skills such as CPR techniques and AED instructions, and was delivered through a combination of theoretical explanation, live demonstrations, and group practice. The training not only enriched employees' first aid knowledge but also effectively enhanced their emergency response capabilities in emergencies, e.g., sudden cardiac arrest.

AED First Aid Training

## Care for Employee

### Democratic Communication

To promote democratic management and maintain open and smooth channels for employee feedback, Healthcare Co., Ltd. has established a two-way communication platform integrating both online and offline channels. Employees can submit suggestions online by scanning QR codes in office areas or provide feedback in person to the Administration Department. The Company has established a robust suggestion adoption and incentive mechanism. Employees who make valid suggestions are provided with cash rewards and given priority consideration in performance evaluations and promotions. Meanwhile, the Company strictly implements a confidential feedback system, fully motivating employees to actively participate in company management.

On this basis, the Company focused on employee health management by conducting a survey on employees' nutritional status and lifestyle habits during the reporting period to widely collect employees' diet, lifestyle, and health demands. A total of 471 valid responses were received, enabling precise identification of employee health needs and laying a solid foundation for the optimization of further health management services.

**Case Employee Congress**

On May 16, 2025, the Company held a meeting of the Employee Congress. At the meeting, the *Proposal on Electing the Employee Representative Director for the Fifth Board of Directors* was reviewed and approved, and Mr. Sun Jian was elected as the employee representative director for the Company's Fifth Board of Directors, with a term commencing from the date of approval at this meeting to the date of expiration of the Fifth Board of Directors. The election of the employee representative director has opened up a channel for employees to participate in corporate governance, effectively safeguarded employees' democratic rights in accordance with the law, and promoted harmonious and stable labor relations.

### Protection of Women's Rights and Interests

Healthcare Co., Ltd. strictly complies with the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*, the *Special Provisions on Labor Protection of Female Employees*, and other applicable laws and regulations, and lawfully protects female employees' leave entitlements, e.g., maternity leave and breastfeeding leave. To further enhance employee care, the Company has set up lactation rooms, providing exclusive convenience for pregnant and breastfeeding female employees. Through initiatives such as organizing hand-painting activities and distributing holiday benefits, the Company continuously enhances the happiness and sense of belonging of female employees.

**[ During the Reporting Period ]**

There were <b>118</b> women in the Company's management team	A total of <b>43</b> employees took parental leave	and <b>38</b> employees returned to work during the reporting period following the conclusion of their parental leave
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Case

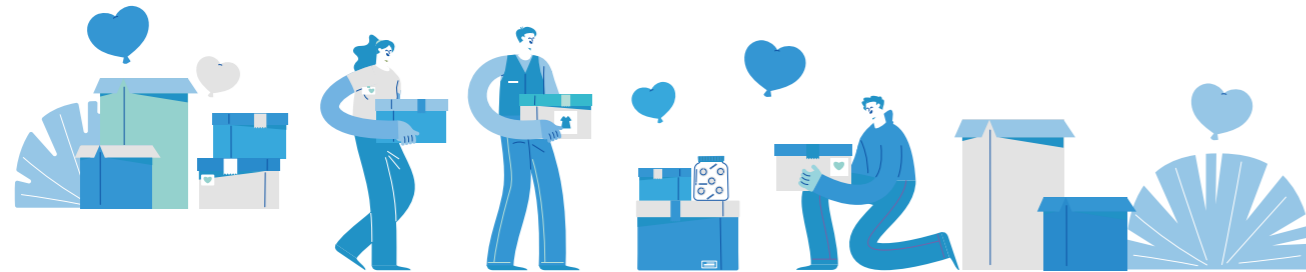
International Women's Day Event



On March 8, 2025, Shanghai Mlily organized a hand-painted canvas bag activity for Women's Day, providing female employees with a creative DIY experience. The event venue was thoughtfully arranged, and there were customized canvas bags, paints, brushes, and other creative materials. Also, each participant was presented with flowers and exclusive gifts, creating a festive atmosphere. During the creative session, participants freely designed cartoon images and completed hand-painted works, with interactive exchanges interspersed throughout, fostering a relaxed and pleasant atmosphere. This event not only allowed female employees to relieve work-related stress through artistic creation but also further enhanced the team's sense of belonging and well-being through thoughtful care initiatives.



Shanghai Mlily Women's Day Event



Employee Care

Healthcare Co., Ltd. has established a comprehensive employee care system to enhance employee well-being from multiple dimensions. In terms of physical and mental health, the Company organizes regular health check-ups and psychological counseling to fully safeguard employees' well-being. In terms of living support, the Company addresses employee concerns by providing services such as shuttle buses, employee dormitories, and meal subsidies, while also conducting surveys on employees' nutritional status and lifestyle habits to provide a basis for optimizing meal benefits and promoting health management. Furthermore, the Company has improved its support and assistance mechanism by establishing channels for assisting employees in difficulty. Special financial aid is provided to employees and their families facing financial hardship or suffering from major illnesses, and special emphasis is placed on addressing the needs of persons with disabilities and other vulnerable groups, providing precise support and effectively safeguarding the employment rights and interests of special groups.



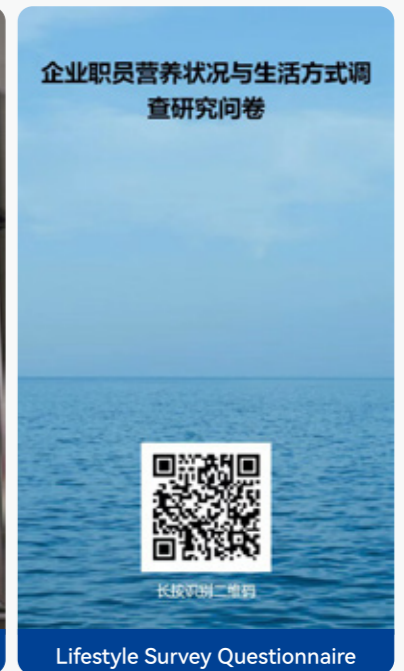
Shanghai Mlily Staff Canteen



Ergonomic Office Chairs for Shanghai Mlily Employees



Shuttle Bus Routes



Lifestyle Survey Questionnaire

[ During the Reporting Period ]

The Company provided assistance to **19** employees in difficulty, with a total assistance amount of RMB **37,500**.

## Employee Activities

Healthcare Co., Ltd. regularly organizes group activities such as outdoor team building, group gatherings, interactive games, and holiday celebrations, continuously enriching employees' cultural life, fostering a harmonious and uplifting corporate culture, strengthening team cohesion and unity, and promoting the shared growth of employees and the Company.



Department Team Building



Management Trainee Activities

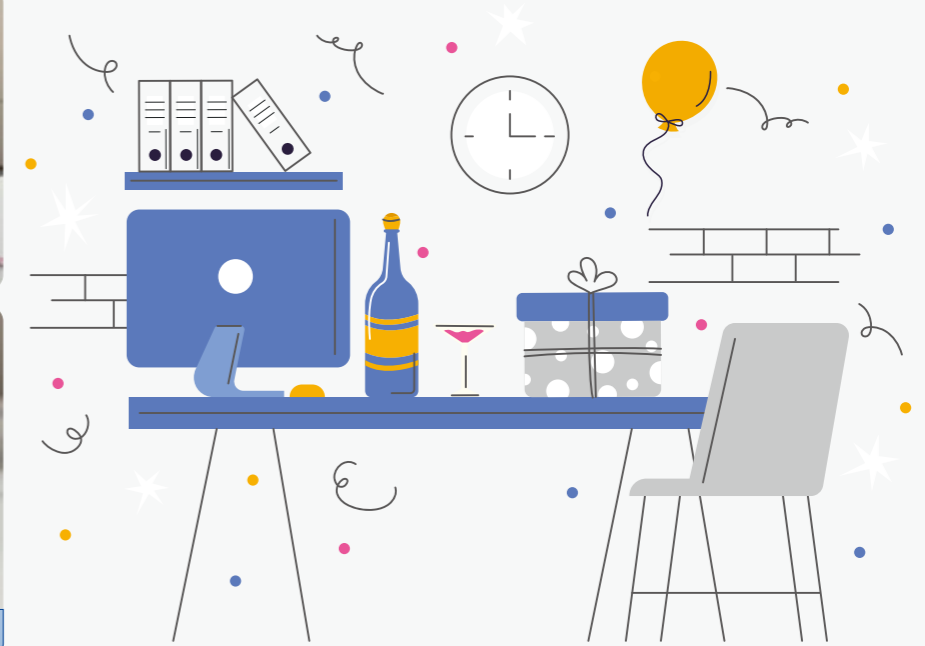


Thanksgiving Celebration at the USA West Factory

Shanghai Mlily Hiking Event / Shanghai Mlily Dragon Boat Festival Event



Shanghai Mlily Nightlight DIY Activity



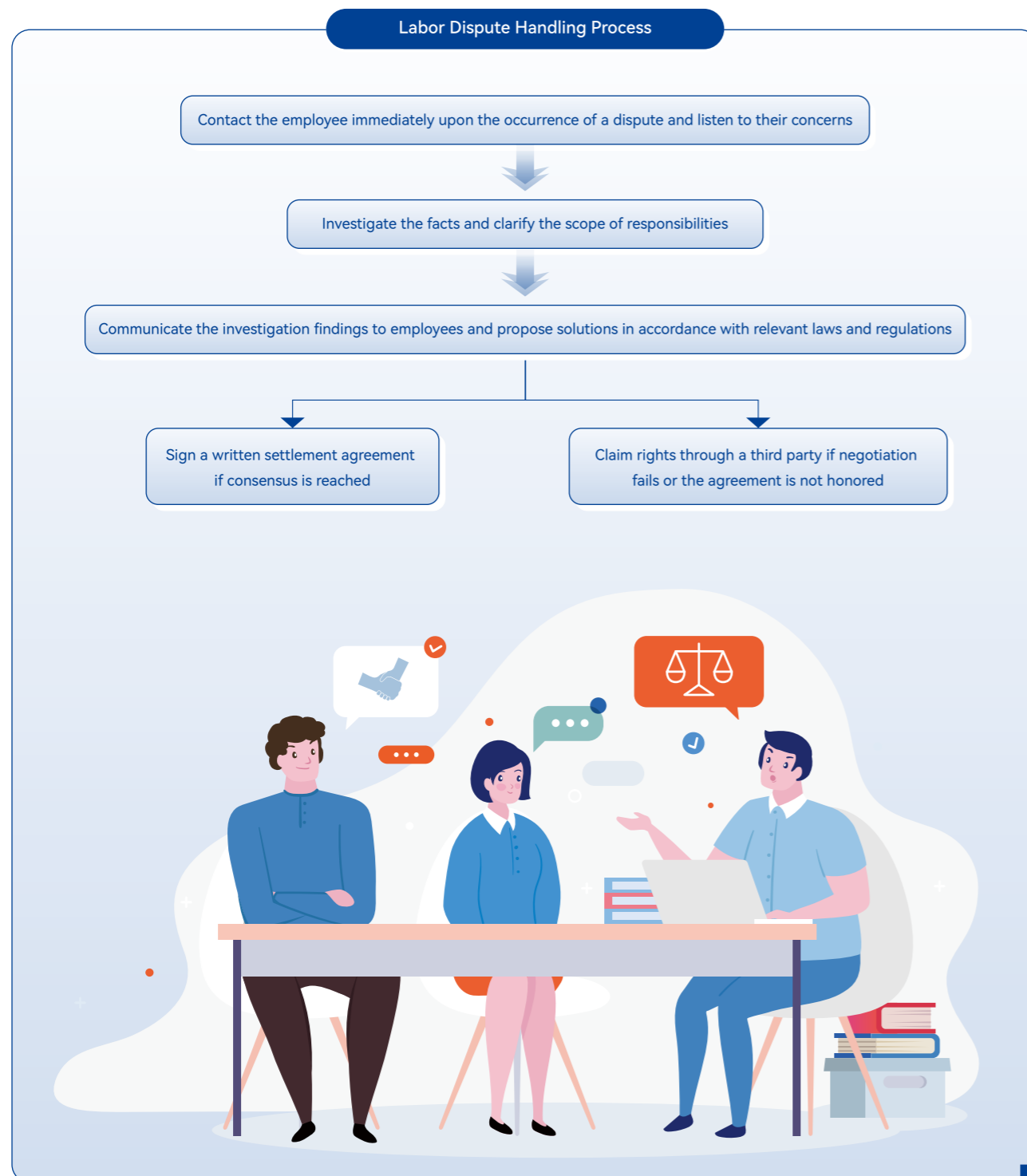
Shanghai Mlily New Year Celebration Event



Nisco (Thailand) Christmas / Songkran Festival

## Labor Relations Management

To safeguard employees' legitimate rights and interests and establish harmonious and stable labor relations, Healthcare Co., Ltd. has formulated the *Measures for Position Change*, which standardize employee departure management. Meanwhile, the Company has established a standardized internal mechanism for labor dispute resolution to provide employees with open channels for rights protection and ensure that their concerns are fully respected and properly addressed.



# Data Security and Customer Privacy Protection

## Data Security Management

Healthcare Co., Ltd. strictly complies with the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and other applicable laws and regulations. The Company has formulated internal policies such as the *Information Security Training System*, *Information System Data Management System*, *Data Access Control Management System*, and *Information System Data Backup System*. In addition, the Company has developed and implemented targeted management measures across core dimensions, including data access, encryption protection, backup and recovery, system configuration, and personnel awareness to strengthen data security and establish a full-chain, multi-dimensional security protection framework. This helps the Company uphold the bottom line of data security protection, fully fulfill its primary responsibility for data security, and effectively ensure the security, integrity, and availability of all types of data.

### Data Security Protection Initiatives

<b>Data Access Control</b>	<ul style="list-style-type: none"> <li>Principle of Least Privilege: To protect sensitive data, the Company implements the principle of least privilege, meaning that employees are granted only the minimum permissions required for terminal device login, network access, file sharing, and software system operations during their work;</li> <li>Role and Permission Management: By defining roles and permission groups, the Company specifies employees who can access specific shared drives and software systems so as to ensure that only authorized persons can handle sensitive information.</li> </ul>
<b>Data Encryption</b>	<ul style="list-style-type: none"> <li>The Company encrypts terminals carrying core critical data and sensitive data, such as foaming formulas, thus enhancing data security control, preventing the risk of data leakage caused by unauthorized access, and safeguarding core data security.</li> </ul>
<b>Data Backup and Recovery</b>	<ul style="list-style-type: none"> <li>The Company has established a regular backup mechanism for business data and systems, which enables differentiated backup operations based on data importance to achieve rapid recovery in the event of data loss. Meanwhile, the Company has completed an upgrade of the data storage architecture in the server room to comprehensively enhance the security and stability of data storage;</li> <li>Data Recovery Drills: Regular data recovery drills are conducted to ensure rapid restoration of business operations in emergencies.</li> </ul>
<b>Security Configuration Management</b>	<ul style="list-style-type: none"> <li>The Company has strengthened full-process management of system patches. By leveraging technical means, the Company promptly identifies and fixes bugs, and effectively prevent known security attacks. In addition, the Company continuously improves bug fixing efficiency, comprehensively addresses external vulnerabilities, and enhances virus protection and security device integration configurations to build a robust system security protection framework;</li> <li>Website and Application System Patch Management: Software systems are updated promptly based on security vulnerability information, and vulnerabilities are fixed regularly.</li> </ul>
<b>Security Awareness Training</b>	<ul style="list-style-type: none"> <li>Employee Training and Testing: The Company regularly provides cybersecurity training to employees to enhance their security awareness;</li> <li>Simulated Attack Drills: By simulating cyber-attacks, the Company helps employees understand and identify security threats, enabling them to take correct measures when facing potential attacks.</li> </ul>
<b>Backup and Recovery Plan</b>	<ul style="list-style-type: none"> <li>A comprehensive multi-tier backup system has been established to restore data operations in the shortest possible time in various security incidents, thus maintaining business continuity.</li> </ul>

[ During the Reporting Period ]

The Company conducted **8** training sessions on data security and customer privacy protection with **5,118** participants and a total of **5,228** training hours

Case

Special Training on Network Information Security



During the reporting period, the Company launched the "Network Information Security Learning" course via the OA platform and organized systematic training for employees on core modules such as common APT intrusion methods, Wi-Fi security, printer security, telecom fraud, malware, ransomware, data leakage, email security, and endpoint security. Participants completed all course modules and post-course assessments, effectively enhancing their awareness and practical skills regarding data security throughout the entire lifecycle, and building a robust security barrier for the Company's core business data.



Special Training on Network Information Security

## Information Security Emergency Control

The Company has developed the *Emergency Plan for Data and Information Security*, and established a professional incident response team led by the Security Operations Department of the Information Management Center, which is fully responsible for the investigation and handling of data security incidents. Upon occurrence of a data security incident, the Company immediately isolates and controls the affected areas, conducts timely investigations to identify core issues and the scope of impact, and thoroughly fixes security vulnerabilities based on the causes. Targeted preventive measures are implemented from dimensions such as permission management to prevent secondary security risks, and data recovery is carried out by leveraging the existing protection system to ensure business continuity. After incident resolution, the Company implements long-term improvement measures from the two dimensions of personnel management and facility development to strengthen personnel security awareness and capability development, and increases investment in optimization and upgrades for security infrastructure. Moreover, the Company constantly monitors security status, regularly evaluates the effectiveness of security strategies, continuously improves internal audit and external security assessment mechanisms, conducts regular systematic security inspections, and promptly reports on security work progress to management, forming a fully closed-loop information security emergency control system.

[ During the Reporting Period ]

The Company conducted **10** data security drills with **200** participants.  
No financial loss was involved in any data security incident.

## Customer Privacy Protection

Healthcare Co., Ltd. has formulated the *Customer Information Protection and Privacy Management Regulations* and established a comprehensive system for preventing customer information leakage. Through both technical and managerial measures, the Company strengthens the end-to-end security control over sensitive customer data. Furthermore, the Company regularly conducts special training on security and confidentiality for employees to continuously enhance employees' awareness and practical skills in customer data protection, thereby establishing a robust line of defense for customer information and privacy security by combining institutional norms with professional capability building. During the Reporting Period, no data security or customer privacy breaches occurred in the Company.



# Contribution to Society

## Commitment to Public Welfare

While pursuing sustainable development, Healthcare Co., Ltd. actively fulfills its corporate social responsibility and enthusiastically participates in charitable activities. The Company gives back to society through practical actions and engages continuously in various public welfare initiatives, contributing to harmonious social development. During the reporting period, the Company invested a total of RMB 2,046,600 in donations and public welfare projects.

### Case Public Welfare Education Support



Healthcare Co., Ltd. regards public welfare education support as an important practice in fulfilling its corporate social responsibility. The Company has established the "Dream Building Scholarships" at Rugao No. 1 Middle School, Rugao No. 2 Middle School, and Jiangsu Baipu Senior High School, and donated company products and materials. These targeted initiatives support students' growth and protect their academic aspirations, demonstrating the Company's commitment to public welfare through practical actions, contributing to regional educational equity, and supporting the development of local education. During the reporting period, the Company donated a total of RMB 151,000 in scholarships.

### Case Support for the Development of Football



In March 2025, the Company deepened its strategic cooperation with Nantong Zhiyun Football Club, officially becoming the club's front-of-shirt sponsor. The Company continues to provide customized sleep solutions for players, assisting in their post-match physical recovery and performance enhancement, supporting their on-field performance, and promoting the high-quality development of local sports.



### Case Empowering Track and Field Events



In April 2025, Healthcare Co., Ltd. participated as an official supplier in the 2025 Wanda Diamond League Xiamen, providing "Pressure-relieving Deep Sleep" products to top athletes from around the world to support their post-competition physical recovery. This initiative promotes the healthy living concept of "less stress, better sleep", and safeguards athletes' sleep health by virtue of technology.



Star Meeting of Wanda Diamond League

### Case Supporting the Weiqi(Go) Industry



Healthcare Co., Ltd. actively promotes the development of the Weiqi industry and organizes diverse events such as National Amateur Weiqi Competitions and Youth Weiqi Exchange Competitions to provide a platform for Weiqi enthusiasts and contribute to the inheritance and global promotion of Weiqi culture.

In February 2025, the Company assisted in hosting the 8<sup>th</sup> "MLILY Pressure-Relieving Mattress Cup" National Amateur Weiqi Open Tournament, which attracted 342 Weiqi players from 32 provinces, municipalities, and autonomous regions in China. This event provided amateur players with opportunities for exchange and growth.



8th "MLILY Pressure-Relieving Mattress Cup" National Amateur Weiqi Open Tournament

In July 2025, Healthcare Co., Ltd. sponsored the 2<sup>nd</sup> "Ao Ying Cup" National Amateur Weiqi Tournament. Leveraging its advantages in sleep technology, the Company provided participants with professional pressure-relieving sleep experiences, aiding players' mental recovery and on-field performance. Through this event, the Company not only conveys the concept of healthy sleep but also promotes Weiqi culture.



"Ao Ying Cup" National Amateur Weiqi Tournament

Besides, Healthcare Co., Ltd. places high emphasis on the promotion and popularization of youth Weiqi. As of December 31, 2025, the "MLILY Pressure-Relieving Mattress Cup" In-person Weiqi Event had reached 29 provinces, autonomous regions, and municipalities directly under the central government, with a total of 475 matches held, attracting over 38,000 young participants, thus advancing the inheritance and development of Weiqi culture.



Youth Weiqi Match

## Contribution to the Belt and Road Initiative

In active response to the national "Belt and Road" Initiative, Healthcare Co., Ltd. deeply integrates its development with the development needs of countries along the Belt and Road, and fulfills its corporate social responsibility and international commitment as a global furniture manufacturer through global expansion. The Company has expanded its global footprint by establishing production bases in countries such as Serbia and Thailand. Currently, the Company's products have reached over a hundred countries and regions worldwide, including countries along the "Belt and Road". The Company consistently empowers regional economic development with high-quality products and extended industrial presence, demonstrating its strong international competitiveness and market penetration.

During its participation in the "Belt and Road" Initiative, Nisco (Thailand), a subsidiary of the Company, places great emphasis on cross-cultural exchange. Based on respect for local cultural customs, it creates diverse festive activities to foster bonds between Chinese and Thai employees. During Christmas, the Company organized gift exchanges and fun games for Chinese and Thai employees, building an effective communication bridge and enhancing emotional bonds among employees. During Songkran Festival, employees were arranged to wear traditional floral shirts, participate together in Thai New Year blessing ceremonies, and engage in classic folk activities such as water-splashing blessings, allowing Chinese and Thai employees to exchange sincere wishes in joyful interactions. Through these heartwarming activities, the Company has created an inclusive and harmonious working atmosphere, strengthened the friendship between Chinese and Thai employees, and fulfilled its corporate social responsibility in local corporate development.



Christmas Event Photo



Songkran Event Photo

## Rural Revitalization

Healthcare Co., Ltd. actively supports the national Rural Revitalization Strategy and places great emphasis on the synergy between corporate social responsibility and rural development. Based on its business characteristics and actual development needs, the Company fulfills its corporate responsibilities in compliance with laws and regulations and explores effective ways to support rural development and serve national strategies. By creating stable employment opportunities, driving increases in resident income, and improving people's livelihoods, the Company contributes to common prosperity and sustainable social development.

### Case

#### Targeted Assistance



During the reporting period, the Company, in active response to the national East-West Collaboration Strategy, deeply participated in the pairing assistance program between Rugao and Yang County. Through the Rugao-Yang County pairing assistance mechanism, the Company donated 100 Magic Pressure-Relieving Pillows worth RMB 39,900 to the Yang County Red Cross to improve the living conditions of local disadvantaged people. This targeted assistance reflects the Company's commitment to social responsibility and rural revitalization, contributing to consolidating poverty alleviation achievements and promoting overall rural development.

# CGS

**Unified in  
Governance,  
Devoted to  
Lasting Progress**

Compliance and Risk Management	119
Strong Party Leadership	125
Standardization of Corporate Governance	127
Protection of Shareholders' Rights and Interests	130
Anti-Unfair Competition	131
Anti-Commercial Bribery and Anti-Corruption	133



# Compliance and Risk Management

## Governance

Healthcare Co., Ltd. continuously improves its compliance management system. In accordance with special policies such as the *Measures for Contract Management*, the *Measures for Supplier Management*, the *Measures for Procurement Risk Management* and the *Internal Audit Management System*, the Company gradually strengthens the internal control system and clearly specifies the fundamental standards in daily management and business operations.

The Company places equal emphasis on business compliance and awareness enhancement, conducts regular compliance management training to improve the professional competence of employees in different roles, and fosters a culture of proactive compliance among all employees, thereby laying a solid foundation of compliance for the Company's high-quality development.

### [ During the Reporting Period ]

The Company conducted **82** legal training sessions, with a total of **942** participants.

### Case

#### Special Legal Training on "Contract Compliance Management"



On December 10, 2025, the Company's Legal Department organized special legal training on "Contract Compliance Management". Closely aligned with the Company's business operations, the training focused on key risks and compliance requirements in contract signing, performance, and full-process management. It effectively enhanced the risk awareness and practical skills of relevant business departments in contract approval, execution, and performance, further laying a solid foundation for the Company's contract compliance management.



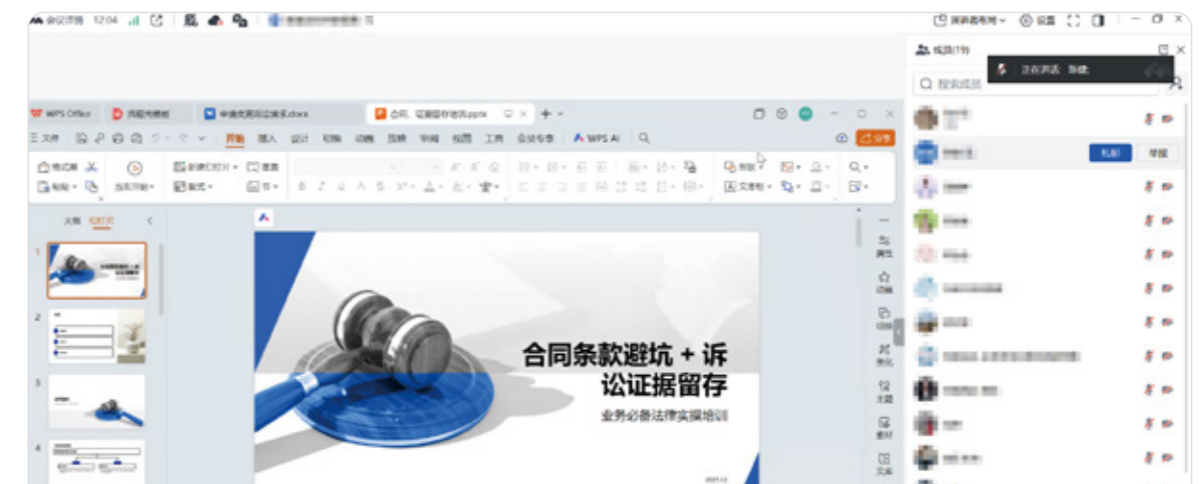
Special Legal Training on "Contract Compliance Management"

### Case

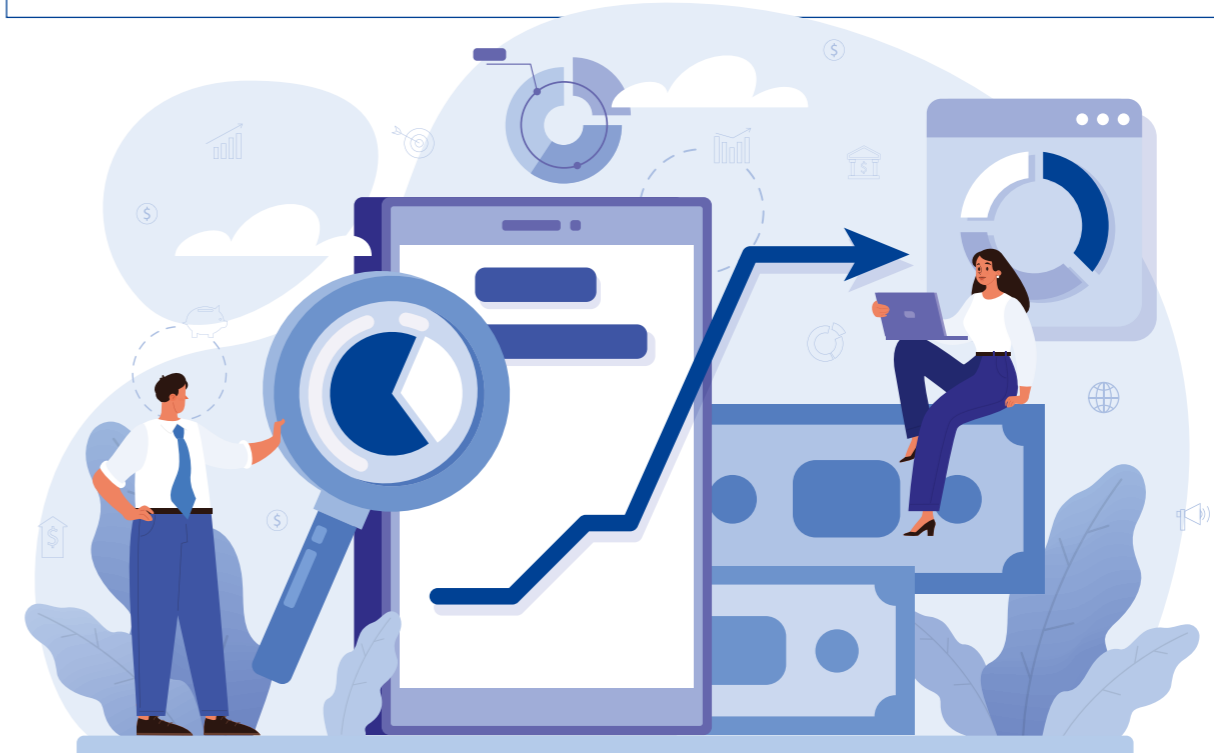
#### Special Legal Training on "Contract Pitfall Avoidance and Evidence Preservation"



On December 26, 2025, the Company's Legal Department provided special training on "Contract Pitfall Avoidance and Evidence Preservation" for employees of its subsidiary, Shanghai Henglv. Closely integrated with business operations, the training focused on analyzing common risks in the contract signing and performance, and emphasized proper evidence preservation. The training aimed to enhance compliance awareness among all employees, improve standardized contract management, and effectively prevent legal risks in business operations.



Training on "Contract Pitfall Avoidance and Evidence Preservation"



## Strategy

Risk Type	Description of Risk	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Compliance Risk</b>	Failure by the Company to fully comply with applicable national laws and regulations, regulatory policies and industry standards in its operations, information disclosure and business cooperation activities may result in administrative penalties and regulatory inquiries, and may also cause reputational damage.	Low	High	Short to medium term	Operations, downstream	High	Decrease in operating revenue and increase in non-operating expenses	Establish and continuously improve the compliance management system, with clearly defined compliance responsibilities and review procedures; closely monitor updates to relevant laws and regulations, and conduct regular compliance training; improve the internal audit mechanism, and carry out periodic compliance self-assessments and special audits.
<b>Operational Risk</b>	Inadequate internal operational processes, insufficient implementation of internal controls or unclear division of responsibilities may lead to weakened management control, non-compliant operations and inadequate supervision, thus resulting in issues such as low operation efficiency, thereby adversely affecting production operations and profitability stability.	Medium	Medium	Short term	Operations	Medium	Increase in operating costs	Improve the compliance and risk management system and clearly define internal audit procedures, methodologies, accountability standards;; strengthen key position management and operational standards; and develop emergency response plans and regular drills to enhance risk response capabilities and ensure business continuity.

Opportunity Type	Description of Opportunity	Likelihood of Occurrence	Extent of Impact	Duration of Impact	Value Chain Links Impacted	Priority Ranking	Financial Impact	Countermeasures
<b>Brand Reputation Opportunities</b>	With increasingly stringent regulatory requirements and rising market expectations for compliance and integrity, strengthened compliance management enables the Company to effectively reduce implicit costs such as penalties, litigation compensation and reputational losses, while also enhancing financing capacity, market access and brand reputation.	High	High	Long term	Operations, downstream	Medium	Increase in operating income	Strengthen the integration of compliance into business operations, conducting compliance due diligence in business expansion and customer cooperation processes, clearly defining compliance responsibilities of all parties to mitigate cooperation-related risks, and actively communicating compliance principles to customers to enhance trust.
<b>Operational Opportunities</b>	A well-established risk management system enables the Company to optimize operational processes, improve decision-making quality, reduce losses caused by suboptimal decisions, and achieve cost reduction and efficiency improvement.	Medium	Medium	Long term	Operations	Low	Reduction in Operating Costs	Conduct comprehensive risk identification across key processes including procurement, production and sales; strengthen the implementation, management, and supervision of internal controls; and enhance internal control management.

## Impact, Risk, and Opportunity Management

Healthcare Co., Ltd. continuously strengthens its internal control and risk management system, and has established a risk management mechanism that covers risk identification, risk assessment, risk classification, and risk control.

 <p>Risk Identification</p>	<p>Healthcare Co., Ltd. engaged Pan-China Certified Public Accountants LLP (a Special General Partnership) to conduct audits in accordance with the China Registered Accountants Auditing Standards. Based on professional judgment, the firm issued a qualified audit report on the Company's 2025 financial statements and an unqualified internal control audit report with an emphasis-of-matter paragraph. The Board of Directors and the Audit Committee have provided a special explanation of matters related to the modified audit opinion in accordance with <i>Rules for the Disclosure and Compilation of Information by Companies Publicly Issuing Securities No. 14—Treatment of Modified Audit Opinions and Related Matters</i> and the <i>Rules Governing the Listing of Stocks on the Shanghai Stock Exchange</i>.</p>
 <p>Risk Assessment</p>	<p>Based on the five evaluation dimensions, i.e., financial impact, scale, timing, probability, and priority, the Company qualitatively and quantitatively analyzes the identified risks and opportunities to identify management priorities.</p>
 <p>Risk Analysis</p>	<p>Based on the results of risk assessment, the Company analyzes the causes of risks according to their level of impact, evaluates their effects, and develops corrective plans and measures.</p>
 <p>Risk Control</p>	<p>Regarding related-party identification and disclosure of related-party transactions: After the reporting period, the Company has completed the approval procedures for ratifying related-party transactions, which still need to be submitted for shareholders' approval. In addition, the Company will organize compliance training for all directors, senior management, and relevant departments to enhance their awareness of standardized operations and fulfillment of information disclosure obligations in accordance with regulations, thus enabling truthful, accurate, and complete disclosures.</p> <p>Overdue receivables from related parties: The Company's controlling shareholder, Mr. Ni Zhanggen, recently signed a <i>Repayment Commitment Plan</i>. Detailed information can be found in an announcement titled "Special Explanation by the Board of Directors of Healthcare Co., Ltd. on Matters Related to Modified Audit Opinions for 2025" released by the Company on the website of the Shanghai Stock Exchange on the same day.</p>

## Metrics and Targets

The Company is committed to upholding the bottom line of compliance, improving the internal control system, and preventing management risks. In accordance with relevant laws, regulations, and industry standards, and relying on cross-departmental collaboration, the Company conducts routine and standardized risk management, thereby promoting sustainable and healthy development.

## Audit Management

To standardize internal audit supervision, improve audit quality, institutionalize and standardize internal audit practices, and give full play to the role of internal audits in strengthening internal control, enhancing corporate operation and management, and improving economic efficiency, the Company has established a risk-oriented, control-centered, value-added internal audit supervision system. In 2025, the Company's Audit Department conducted special audits on core business units such as sales management, production management, procurement and supply chain, QC management, warehousing and logistics management, and fund management, completing relevant audits for subsidiaries and branches. During the audit process, the Audit Department strictly adhered to the principles of independence and objectivity, obtained audit evidence through observation, inquiry, confirmation, analysis, and inspection, engaged in thorough communication with audited departments, and issued audit reports and management recommendations. For issues identified during audits, the Company established a "Problem List" and "Rectification Ledger". The Audit Department took the lead in assessing control deficiencies in business processes and systems, proposed suggestions on optimization, and urged relevant business departments to standardize processes and embed control requirements into IT systems.

### [ During the Reporting Period ]

The Company completed **48** audit plans. By addressing issues identified in audits, the Company standardized business processes and systems, and embedded relevant control requirements into IT systems, thereby implementing **55** optimization measures and generating approximately RMB **2,136,600** in direct benefits through audit activities.

## Tax Management

Healthcare Co., Ltd. strictly complies with the *Corporate Income Tax Law of the People's Republic of China*, the *Law of the People's Republic of China on the Administration of Tax Collection*, and other applicable laws and regulations. Currently, the Company has formulated policies, including the *Group Tax Management System*, *Group Tax File Management System*, and *Healthcare Co., Ltd. Group E-commerce Tax Management Rules*, to standardize tax management processes and effectively prevent tax risks. During the Reporting Period, the Company did not commit any material tax violations and was not involved in any significant tax-related litigation or arbitration matters.

The Company's Tax Management Department regularly conducts tax compliance audits and special risk assessments for its subsidiaries to review the accuracy of tax filings, compliance of tax accrual, filing, and approval processes, standardization of tax accounting, and completeness of tax records. For major external tax inspections and audits for subsidiaries, the Tax Management Department proactively provides professional support to help them respond efficiently and compliantly to the inspections and audits.

### [ During the Reporting Period ]

The Company's  
total tax payment amounted  
to RMB  
**248,982,309.28**

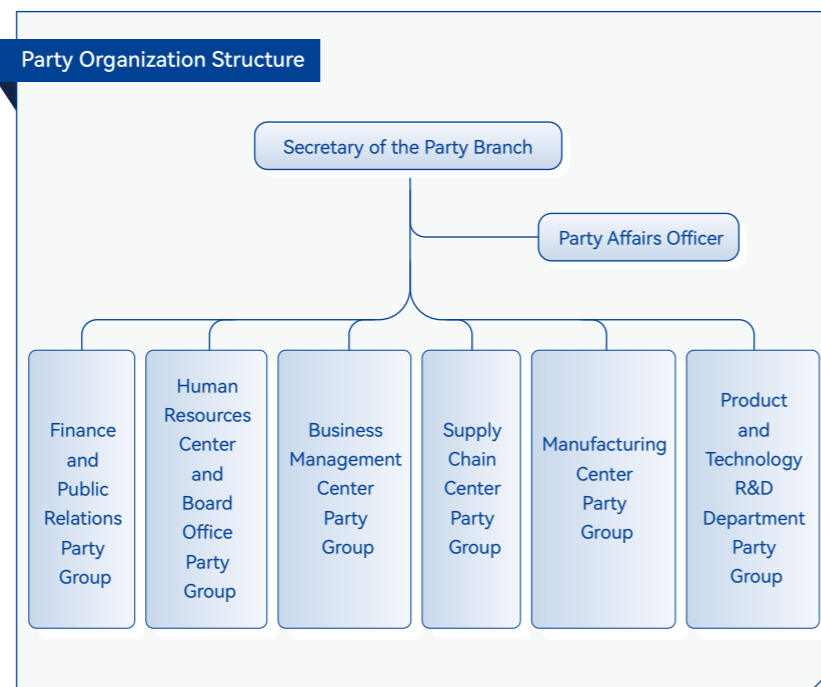
# Strong Party Leadership

Healthcare Co., Ltd. places great emphasis on Party building, thoroughly studies and implements Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, firmly keeps the correct development direction, and effectively transforms the Party's political and organizational advantages into the Company's developmental and competitive advantages. Meanwhile, the Company continuously improves its grassroots Party organization system, strengthens the exemplary role of Party members, and promotes deep integration of Party building with production and operations. Guided by Party building, the Company steadily advances its development, injecting strong momentum to accelerate the implementation of its global brand strategy and achieve sustained and steady growth.



## Party Building

Healthcare Co., Ltd. places great emphasis on Party building, thoroughly implementing the Party's general requirements for construction in the new era and organizational guidelines for the new era. Focusing on standardized and normalized development of Party organizations, the Company continuously enhances the organizational capacity and combat effectiveness of its Party branches. In addition, the Company strictly implements the Party's organizational life system, including holding organizational life meetings, conducting democratic evaluations of Party members, and standardizing the development of Party members. While building a pioneer team, the Company's Party Committee has established "Party Member Pioneer Posts", "Party Member Responsibility Areas", and "Party Member Task Forces" around key tasks such as R&D breakthroughs, production quality improvement, and market expansion, guiding members to set good examples in critical roles and giving full play to the role of Party branches as a fortress. The Company's Party organization structure is deeply integrated with the business system, driving leaps in development capability through enhanced organizational capacity.



**[ During the Reporting Period ]**

The Company had **1** Party branch, with a total of **192** Party members.

## Ideological Development

Healthcare Co., Ltd. consistently upholds the overall leadership of the Party and places ideological development at the forefront of its Party building efforts. In response to policy initiatives, the Company integrates the Party's ideological development with corporate growth. The Company strictly implements the "First Agenda Item" system and organizes Party members in in-depth study of the guiding principles from the 20<sup>th</sup> National Congress of the CPC and its subsequent plenary sessions, as well as General Secretary Xi Jinping's important discourses on the development of the private economy through platforms such as the "Three Meetings and One Lecture" system and themed Party Days. Based on its global expansion, the Company conducts specialized discussions to guide Party members in deeply understanding the decisive significance of the "Two Establishments", strengthening the "Four Consciousnesses", reinforcing the "Four Confidences", and achieving the "Two Upholds", thereby transforming the strengths of the Party's ideological development into the drivers of corporate growth.

In addition, grounded in its core values of "Collaboration, Innovation, Positive Mindset and Commitment", the Company guides all employees to closely align their personal growth with the Company's vision and national strategy through diverse channels such as Party building bulletins and employee forums. This fosters a powerful ideological synergy of advancing with the Party and concentrating efforts on development, thereby driving high-quality corporate development through high-quality Party building.

**[ During the Reporting Period ]**



The Company organized **10** specialized training sessions for Party members, active applicants for Party membership, and development candidates, with a total of **380** (person-times) participants.

**Case**

**Special Party Lecture on the Guiding Principles from the Fourth Plenary Session of the 20<sup>th</sup> Central Committee of the CPC**



On November 26, 2025, the Company organized Party members and key business personnel to participate in an online special training session (Session 32 of the Capital Market Academy's Party Course Series) involving guiding principles from the Fourth Plenary Session of the 20<sup>th</sup> Central Committee of the CPC. The training systematically interpreted the core principles and spiritual connotations of the Fourth Plenary Session. Through this training, participants gained a deeper understanding of the guiding principles from the Fourth Plenary Session, effectively enhancing their ideological, political, and practical commitment to implementing the guiding principles and further consolidating the ideological foundation for the Company's high-quality development.



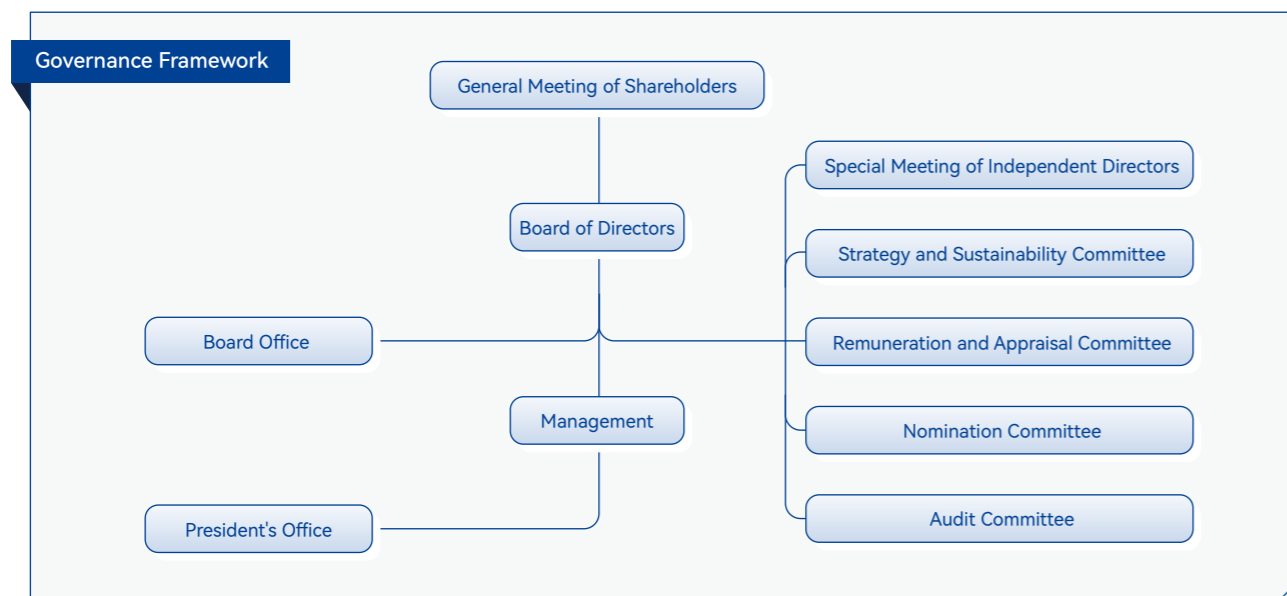
Special Party Lecture on the Guiding Principles from the Fourth Plenary Session of the 20<sup>th</sup> Central Committee of the CPC

# Standardization of Corporate Governance

## Governance Structure

Healthcare Co., Ltd. strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and other applicable laws and regulations. Centered on the *Articles of Association*, the Company has established a robust internal control and governance system and an efficient governance structure with clearly defined rights and responsibilities, thus forming a corporate governance mechanism characterized by legally defined rights and responsibilities, coordinated operation, and effective checks and balances.

To further optimize its governance structure and enhance management efficiency, the Company has actively responded to the latest requirements of the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* regarding corporate governance reforms. In line with the strategic development plan, the Company has optimized and adjusted its organizational structure by abolishing the Board of Supervisors and transferring the original functions and powers of the Board of Supervisors to the Audit Committee of the Board of Directors in accordance with the law. The integration of supervisory functions with the decision-making process has effectively improved the Company's decision-making efficiency and operational management level.



## General Meeting of Shareholders

The Company, in strict compliance with the relevant provisions of the *Articles of Association* and the *Rules of Procedure for the General Meeting of Shareholders*, standardizes the entire process, including convening, proposals and notices, meetings, voting, and resolutions of the General Meeting of Shareholders, thereby ensuring that shareholders exercise their rights equally and effectively. The general meeting of shareholders is divided into annual general meetings and extraordinary general meetings, which exercise decision-making authority over major matters according to law. Regarding voting procedures, the Company organizes physical meetings while also providing online voting channels, thus offering shareholders convenient and efficient participation and ensuring broad and fair involvement. For major matters affecting minority shareholders, the Company strictly follows the requirement for separate vote counting for minority investors, and promptly and accurately discloses the separate vote results through information disclosure media, effectively safeguarding the rights of minority investors to be informed, to participate, and to make decisions.

### [ During the Reporting Period ]

The Company held **2** general meetings of shareholders, at which **16** proposals were reviewed.

## Board of Directors

Healthcare Co., Ltd. has developed internal policies, including the *Rules of Procedure for the Board of Directors*, *Implementation Rules for the Audit Committee under the Board of Directors*, *Implementation Rules for the Nomination Committee under the Board of Directors*, and *Implementation Rules for the Remuneration and Appraisal Committee under the Board of Directors*. The Company has established the Board of Directors according to law as the core decision-making body. The Board of Directors exercises the powers granted by laws, regulations, normative documents, the *Articles of Association*, and the General Meeting of Shareholders, and performs statutory duties, including operational decision-making, strategic management, and supervision of management.

The Board of Directors has set up specialized committees, including the Strategy and Sustainability Committee and the Remuneration and Appraisal Committee. The Company clearly defines the terms of reference and operational procedures for each committee, and implements procedures for board meeting convening, proposal submission, voting, resolution execution, and record management as required. In addition, the Company conducts annual evaluations of Board performance through annual board reports, ensuring compliant operations, scientific decision-making, and efficient execution of the Board. This fully leverages the core role of the Board in corporate governance and improves both regulatory compliance and strategic decision-making of the Board to facilitate the Company's stable operations and long-term development.

### [ During the Reporting Period ]

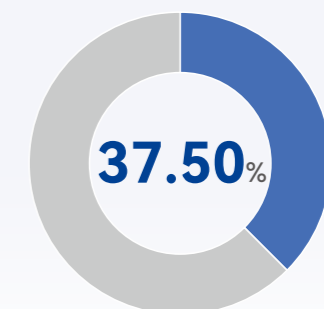
The Company held a total of **9** board meetings, including **2** physical meetings and **7** meetings combining physical attendance and remote communication. **59** proposals were reviewed at the meetings. Besides, the Company held **3** meetings of the Strategy and Sustainability Committee, **7** meetings of the Audit Committee, **2** meetings of the Remuneration and Appraisal Committee, and **2** meetings of the Nomination Committee.

## Independence of Board of Directors

Healthcare Co., Ltd. has formulated an *System of Work of Independent Directors* to safeguard the independence of the Board of Directors in terms of personnel composition, professional background, and powers. Independent directors should constitute at least one-third of the Board and include accounting professionals. Meanwhile, independent directors should constitute the majority and serve as conveners of the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, thus creating a well-structured Board covering diverse expertise. Independent directors perform their duties independently, free from influence by the Company, its major shareholders, actual controllers, or other entities or individuals. In addition, independent directors conduct annual self-assessments of their independence and submit assessment reports to the Board every year. The Board evaluates the independence of incumbent independent directors and issues special opinions, which are disclosed alongside the annual report, so as to maintain the overall independent operation of the Board and safeguard the legitimate rights and interests of minority shareholders.

### [ During the Reporting Period ]

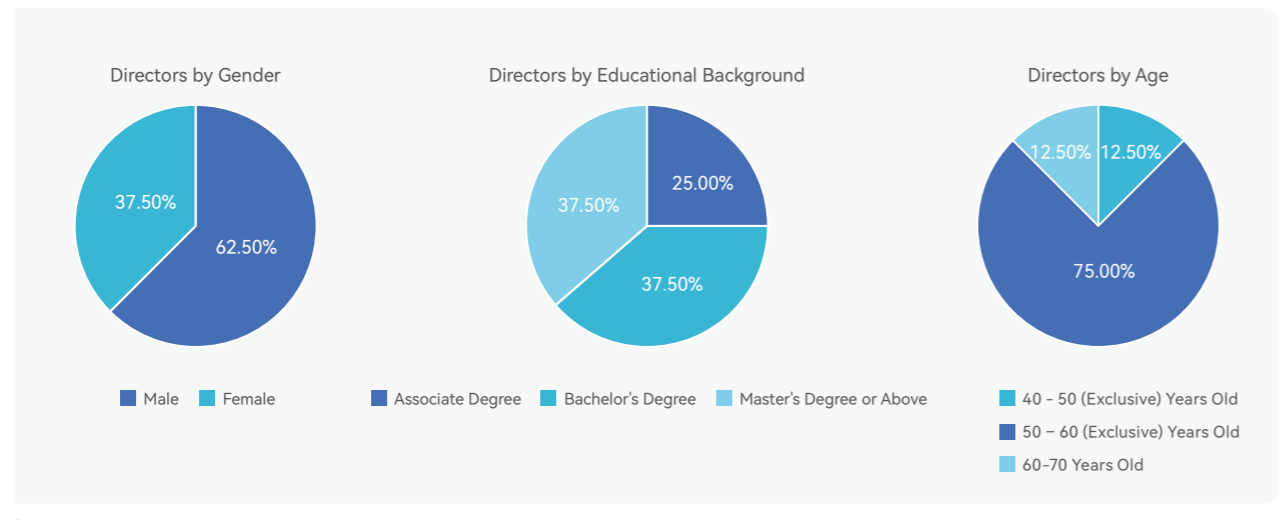
The Company had **3** independent directors, accounting for **37.50%** of the total board members.



## Board Diversity

Adhering to the concept of board diversity, Healthcare Co., Ltd. scientifically optimizes the selection and composition of directors across multiple dimensions such as gender, age, cultural and educational background, and professional experience. This approach effectively achieves complementary professional expertise and diverse decision-making perspectives among directors, and enables the Board to fully integrate expertise from various fields such as industry technology, financial management, and corporate governance during the decision-making process. Furthermore, this substantively enhances the scientific rigor, comprehensiveness, and forward-looking nature of board decisions, supporting the Company's high-quality and sustainable development.

### Composition of the Board of Directors



## Remuneration Management for Directors and Officers

Healthcare Co., Ltd. has formulated the *Remuneration Management System for Directors and Senior Management*, and set the remuneration standards for directors and senior management in accordance with principles of transparency, fairness, performance linkage, and market competitiveness, while gradually improving the remuneration management system for directors and senior management. In terms of remuneration structure, the Company adopts a differentiated approach: independent directors are subject to a fixed remuneration system to ensure their independent performance of duties, while non-independent directors and senior management have a remuneration structure composed of base salary, performance-based pay, and incentive income, reinforcing a strong linkage to performance. For non-independent directors and senior management, the Human Resources Center may determine a certain proportion of performance-based pay to be disbursed monthly based on individual circumstances. The annual performance-based pay is settled uniformly after the disclosure of the Company's annual report and the completion of individual performance evaluations, with adjustments made to reconcile any over- or under-payments already disbursed on a monthly basis. Additionally, the Company periodically adjusts the remuneration of directors and senior management through established procedures based on business performance, market compensation trends, and the Company's development strategy, thus promoting sustainable and stable development.



## Protection of Shareholders' Rights and Interests

### Information Disclosure

Healthcare Co., Ltd. has formulated and refined the *Information Disclosure Management System* and the *Insider Information Registration Management System*, and established the Board Office as a body responsible for daily information disclosure work. The Board Secretary is responsible for overseeing information disclosure. The Company has designated *China Securities Journal*, *Shanghai Securities Journal*, and *Securities Daily* as its official information disclosure media to provide investors with sufficient and necessary information for investment decision-making, thus continuously enhancing operational compliance and transparency of the Company.

#### [ During the Reporting Period ]

The Company publicly issued a total of **158** announcements, including **4** periodic reports and **154** interim announcements.

### Public Sentiment Management

Healthcare Co., Ltd. has formulated the *Public Sentiment Management System* and established a rapid response mechanism to promptly and properly address public sentiments that may affect the Company's stock price and normal business operations, continuously improving its management and emergency response system. In emergency response, general public sentiments are usually addressed by the Board Secretary and the Board Office flexibly, while major public sentiments trigger real-time monitoring by the Board Office and relevant departments, who closely track public sentiment developments, take measures to control the spread, and strictly complete information disclosure in accordance with listing rules. In addition, the Company has established confidentiality and accountability mechanisms to ensure the seriousness and enforceability of public sentiment management in the capital market, effectively safeguarding investors' legitimate rights and interests and the Company's reputation.

### Investor Relations Management

Healthcare Co., Ltd. has formulated the *Investor Relations Management System*, adhering to the principles of compliance, equality, proactiveness, and honesty. Through multiple channels (including company announcements and official website), platforms, and approaches, the Company builds communication bridges and organizes diverse activities, including investor briefings, roadshows, and analyst meetings, to enhance effective communication between the Company and its investors and protect the legitimate rights and interests of investors, particularly minority investors. In addition, the Company has established a communication mechanism for significant events with investors to enhance investors' understanding and recognition of the Company, thereby improving corporate governance and overall corporate value.

#### [ During the Reporting Period ]

The Company held **5** performance briefings, received **64** valid investor questions on the E-Interactive platform with a **100%** response rate, and handled **797** phone inquiries from investors.

## Return to Shareholders

While pursuing our own development, Healthcare Co., Ltd. continuously optimizes the shareholder return mechanism to give back to the capital market through profit distribution policies, share repurchase plans, etc., demonstrating a sincere commitment to shareholder returns alongside steady operational improvement.

On May 9, 2025, the Company held a board meeting, at which the *Proposal on Share Repurchase through Centralized Competitive Bidding* was approved, allowing the repurchase of the Company's shares through centralized competitive bidding for no less than RMB 85 million and no more than RMB 170 million for use in employee stock ownership plans or equity incentives. The repurchase funds were from the Company's own funds and a special loan for share repurchase. By the end of the reporting period, the Company had completed the share repurchase. The Company's dedicated securities account for share repurchase held 19,406,350 shares, representing 3.40% of the total share capital. The highest and lowest repurchase prices were RMB 9.139 per share and RMB 8.070 per share, respectively, and the total amount paid was RMB 166,657,095 (exclusive of transaction fees).

## Anti-Unfair Competition

Healthcare Co., Ltd. strictly complies with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other applicable laws and regulations, and is committed to maintaining an honest, fair, and open business environment. To effectively prevent unfair competition, the Company has adopted a series of measures to establish a comprehensive anti-unfair competition system, thereby ensuring the compliance of business activities.

### Anti-unfair Competition Initiatives

Data Monitoring	Set up a dedicated market intelligence team to collect and analyze market trends, and monitor sales data and consumer reviews of mattress products on e-commerce platforms, as well as malicious competition, e.g., sale of counterfeit and substandard products under the Company's brand.
Rights Protection Strategy	Upon identification of infringement, develop a targeted rights protection strategy based on the severity of the infringement and the specific conditions of the infringing party. For minor or low-impact cases, the Legal Department issues a warning letter, demanding that the infringing party cease the infringement immediately. For major or severe cases, the Company initiates legal proceedings in accordance with the law to resolutely safeguard its legitimate rights and interests.
Standardized Management	Standardize online marketing channel operations and strengthen compliance management for marketing channels, e.g., e-commerce platforms and social media; establish collaboration with partner platforms to combat unfair competition practices such as false advertising; and strictly ensure that the content and way of online marketing activities such as live-streaming sales comply with the <i>Advertising Law of the People's Republic of China</i> , the <i>Anti-Unfair Competition Law of the People's Republic of China</i> , and platform rules, eliminating exaggerated or false claims.

### [ During the Reporting Period ]

The Company offered **1** training session on anti-monopoly and fair competition for **1,352** (person-times) participants, with a training duration of **405.60** hours.

The amount involved in lawsuits or major administrative penalties due to unfair competition was **zero**.



### Case

#### Corporate Training on the New Anti-Unfair Competition Law



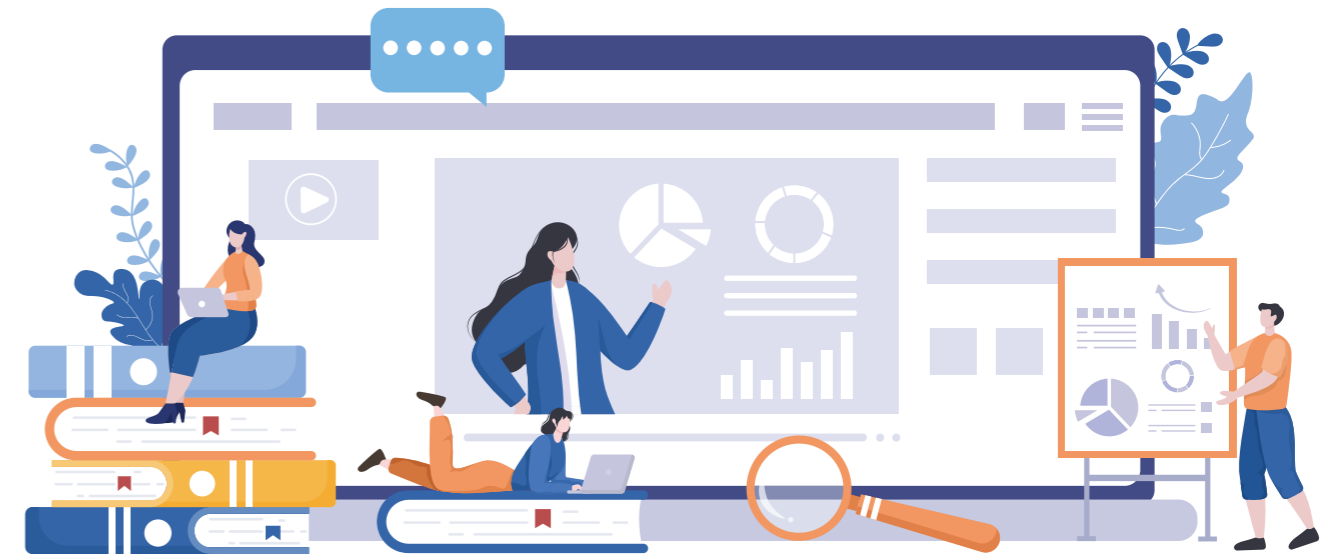
In December 2025, the Company launched a corporate training program on the new Anti-Unfair Competition Law on the OA learning platform. The training course covered three core modules: revisions to the Anti-Unfair Competition Law, interpretation of provisions on trade secret infringement, and interpretation of provisions on commercial bribery. Through case analysis and compliance guidance, the training helped employees gain an in-depth understanding of unfair competition knowledge, strengthened the legal awareness of all employees, and solidified the governance foundation for the Company's compliant operations.



# Anti-Commercial Bribery and Anti-Corruption

Healthcare Co., Ltd. has formulated the *Fraud Audit Management System*, which defines fraud prevention standards, audit procedures, and responsibility boundaries to specifically address integrity-related risks, e.g., commercial bribery and corruption. During internal audits, the Company's Audit Department maintains professional skepticism in assessing fraud risks, continuously monitors potential fraudulent activities, and conducts special inspections and reporting. For clues of disciplinary or regulatory violations identified during audits, the Company promptly organizes investigations (or special audit investigations when necessary), transfers relevant clues, holds relevant individuals accountable, and proposes optimization suggestions to drive continuous improvement of institutional processes and the internal control system.

The Company incorporates integrity clauses into contracts signed with suppliers, distributors, and other business partners, and integrates the review of such clauses as a key step in the legal review of contracts, achieving systematic and standardized monitoring over the integrity management of business partners. In addition, the Company has drafted the *Employee Integrity Agreement*, which is signed by employees and archived by the Human Resources Center during employee onboarding, integrating integrity requirements into the full employee career management process. The Company also conducts regular anti-commercial bribery and anti-corruption training to strengthen the development of an integrity culture and foster a clean, compliant, and trustworthy business environment.



## Anti-Commercial Bribery and Anti-Corruption Management Measures in 2025



All employees are required to sign the *Employee Integrity Agreement* upon joining the Company.



Integrity indicators are incorporated into employee performance evaluations, with integrity-related issues treated as a one-veto item. If an employee is found to seek improper benefits through abuse of their power or position, their performance score for the year will be automatically zeroed out, and they will be subject to corresponding legal liability.



In accordance with the *Fraud Audit Management System*, the Audit Department classifies corruption risk as a special risk, maintains full professional skepticism during all audits, organically integrates anti-corruption oversight with internal audits, and continuously strengthens the supervision and inspection of corruption risks.



A complaint and reporting hotline has been established to receive all integrity-related reports, with reporting information kept confidential. During the reporting period, the complaint and reporting channels were prominently displayed on platforms such as the official website, OA system, SRM system, and store sales management system. The Company has improved the whistleblower protection mechanism to safeguard the legitimate rights and interests of whistleblowers.

### [ During the Reporting Period ]

The total duration of anti-bribery and anti-corruption training provided by the Company to employees was **578.30** hours, a total of **1,601** employees participated in the training; Percentage of Directors Receiving the Training on Anti-commercial Bribery and Anti-Corruption: **100%**; Percentage of Management Personnel Receiving the Training on Anti-commercial Bribery and Anti-Corruption: **9.02%**. The signing rate of business ethics documents, such as integrity commitment among new employees, was **100%**. No commercial bribery or corruption incidents occurred during the reporting period.

### Case

#### Legal Training on Anti-Corruption



In December 2025, the Company conducted legal training on anti-corruption via its online learning platform. The training focused on anti-corruption compliance awareness, risk identification mechanisms, and typical case warnings, and incorporated thematic discussions closely aligned with business operations. This training effectively enhanced employees' understanding of anti-corruption laws and regulations and their ability to identify corruption risks, laying a solid foundation for further improving the anti-corruption management system.



Legal Training on Anti-Corruption

# Future Prospects

Unwavering in heart, resolute in action. Looking ahead, Healthcare Co., Ltd. remains committed to its mission of "enhancing deep sleep for people worldwide". Through the tides of change, our original aspiration stays true; across the cycles of our industry, our pursuit endures. As we embark on a new journey where opportunities and challenges go hand in hand, we move forward with reverence in our hearts, ever toward the light. Through relentless innovation, we forge enduring strength; through steadfast action, we live up to our responsibility. On our journey to advance sleep health, we bring the gift of healthy, comfortable, high-quality sleep to all—with expertise, and with heart.

# Appendix

## Key Performance

### Governance Performance

	Indicator	Unit	2025
Economic Performance	Operating Revenue	RMB 10,000	891,207.54
	Total Taxes	RMB 10,000	24,898.23
General Meeting of Shareholders	Number of General Meetings of Shareholders Convened	Time	2
	Matters Reviewed and Approved by the General Meeting of Shareholders	Item	16
Board of Directors	Number of Meetings of the Board of Directors Convened	Time	9
	Proposals Reviewed and Approved by the Board of Directors	Item	59
	Number of Members of the Board of Directors	Person	8
	Including: Number of Independent Directors	Person	3
	Number of Female Directors	Person	3
Compliance and Internal Control	Number of Training Sessions on Laws and Regulations	Time	82
	Number of Participants in Legal Training	Person	942
Business Ethics	Total Number of Participants in Training on Anti-commercial Bribery and Anti-Corruption	Person	1,601
	Total Duration of Anti-Bribery and Anti-Corruption Training	Hour	578.30
	Amount Involved in Lawsuits or Major Administrative Penalties Due to Commercial Bribery and Corruption	RMB 10,000	0

## Governance Performance

Indicator		Unit	2025
Business Ethics	Number of Training on Anti-Monopoly and Fair Competition	Time	1
	Number of Participants in Training on Anti-Monopoly and Fair Competition	Person-times	1,352
	Total Training Hours of Training on Anti-Monopoly and Fair Competition	Hour	405.60
	Amount Involved in Lawsuits or Major Administrative Penalties Due to Unfair Competition	RMB 10,000	0
Party Building	Number of Party Branches	Unit	1
	Number of Party Members	Person	192
	Special Training for Full Party Members, Active Applicant for Party Membership, and Candidate for Party Membership	Time	10
	Number of Participants in Special Training for Full Party Members, Active Applicant for Party Membership, and Candidate for Party Membership	Person-times	380
Communicate with investors	Performance Briefings Held	Time	5
	Interactions with Investors on SSE E-Interactive	Time	64
	Einteraction Rate with Investors on SSE E-Interactive Platform	%	100
	Number of Investor Calls Answered	Time	797
Information Disclosure	Number of Regular Reports Disclosed	Copy	4
	Number of Interim Announcements Disclosed	Copy	154

## Environmental Performance

Indicator		Unit	2025
Environmental Protection	Total Environmental Investment	RMB 10,000	339.74
	Incidents of Administrative Penalties from Environmental or Related Departments due to Environmental Problems	Case	0
	Number of Environmental Training Sessions	Time	91

## Environmental Performance

Indicator		Unit	2025
Environmental Protection	Number of Participants in Training on Environmental Protection	Person-times	934
	Duration of Training on Environmental Protection	Hour	3,333
GHG Emission	Total GHG Emissions	tCO <sub>2</sub> e	161,513.43
	Direct greenhouse gas emissions (Scope 1)	tCO <sub>2</sub> e	122,694.06
	Indirect greenhouse gas emissions (Scope 2)	tCO <sub>2</sub> e	38,819.37
	GHG Emissions Intensity	tCO <sub>2</sub> e/ RMB 1 million (revenue)	18.12
	Reduction of GHG Emissions	tCO <sub>2</sub> e	3,708.19
Energy Utilization	Comprehensive Energy Consumption	tce	87,363.59
	Including: Natural Gas	m <sup>3</sup>	709,906
	Gasoline	Liter	86,062.41
	Diesel	Liter	249,666.73
	Total Purchased Heat	GJ	536
	Total Purchased Electricity	10,000 kWh	7,305.02
	Total Consumption of Renewable Energy (Photovoltaic Power Generation)	kWh	4,516,675.24
	Total Consumption of Non-renewable Energy	tce	86,808.49
	Total Renewable Energy Consumption	tce	555.10
	Comprehensive Energy Consumption Intensity	tce/ RMB 1 Million (Operating Revenue)	9.80
Waste Gas Emissions	Waste Gas Emission	10,000 m <sup>3</sup>	55,319.65
	Waste Gas Emission Intensity	10,000 m <sup>3</sup> /RMB 1 Million (Operating Revenue)	6.21

## Environmental Performance

	Indicator	Unit	2025
Waste Gas Emissions	Nitrogen Oxide (NOx)	Ton	0.22
	Volatile Organic Compounds (VOC)	Ton	0.34
	Particulate Matter (PM)	Ton	0.22
	Total Non-Methane Hydrocarbons	Ton	0.17
Solid Waste	Total Waste Generation	Ton	12,503.44
	Waste Generation Intensity	t/ RMB 1 million (operating revenue)	1.40
	Waste Disposal Compliance Rate	%	100
	Total Recycled Waste	Ton	7,173.73
	Including: Recycling Amount of Hazardous Waste	Ton	2,779.34
	Recycling Amount of Non-hazardous Waste	Ton	4,394.39
Wastewater Discharge	Wastewater Discharges	Ton	82,205.90
	Including: Chemical Oxygen Demand (COD)	Ton	8.56
	Suspended Solids	Ton	2.78
	Ammonia nitrogen (NH <sub>3</sub> -N)	Ton	1.22
	Total Phosphorus (Calculated at P)	Ton	0.15
	Animal and Plant Oils	Ton	0.12
Water Resource Utilization	Total Freshwater Consumption	m <sup>3</sup>	347,066.79
	Including: Municipal Water Purchased	m <sup>3</sup>	346,143.79
	Underground Water	m <sup>3</sup>	923
	Total Water Consumption	m <sup>3</sup>	347,151.79

## Environmental Performance

	Indicator	Unit	2025
Water Resource Utilization	Including: Freshwater Consumption	m <sup>3</sup>	347,066.79
	Total Water Circulation and Reuse	m <sup>3</sup>	85
	Water Consumption Intensity	m <sup>3</sup> /RMB 1 Million (Operating Revenue)	38.95
Material Consumption	Paper Packaging Materials	Nos.	13,462,172
	Other Packaging Materials	Ton	17,664.83
	Quantity of Packaging Materials Recycled	Ton	1.31

## Product Performance

	Indicator	Unit	2025
Innovation-driven Development	Investment in R&D	RMB 10,000	13,681.25
	Percentage of R&D Investment in Operating Income	%	1.54
	Number of R&D Personnel in the Parent Company and Nisco	Person	344
	Proportion of R&D Personnel to Total Employees in the Parent Company and Nisco	%	11.65
	Number of National Standards Prepared/Revised	Item	2
	Industry-University-Research Cooperation	Item	5
	Cumulative Number of Published Papers	Article	11
	Partner Universities with Cooperation Agreements Signed	Nos.	3
	National High-tech Enterprise	Entity	2
	Specialized and Sophisticated Enterprise that Produces Novel and Unique Products	Entity	1
	National Enterprise Technology Center	Entity	2
	Number of New Product Development Projects	Project	20

## Product Performance

	Indicator	Unit	2025
Innovation-driven Development	Cumulative Number of Authorized Patents	Item	324
	Including: Cumulative Number of Authorized Invention Patents	Item	62
	Cumulative Number of Domestic Invention Patents among Authorized Invention Patents	Item	26
	Cumulative Number of Authorized Utility Model Patents	Item	115
	Cumulative Number of Authorized Design Patents	Item	147
	Cumulative Number of Software Copyrights	Item	18
	Total Number of Trademarks	Item	894
	Number of Valid Patents Authorized Annually	Item	36
Science and Technology Ethics	Number of Incidents Involving Violations of Laws and Regulations Concerning Science and Technology Ethics	Case	0
Safety and Quality of Products and Services	Number of Products Withdrawn or Recalled due to Health and Safety Concerns	Case	0
	Number of Internal Quality Audits in a year	Time	63
	Number of Sampling Inspections by Third-Party Organizations	Time	1,707
	Number of Participants in Training on Quality Management	Person-times	4,402
	Total Hours of Training on Quality Management	Hour	3,167
	Sessions of Training on Quality Management	Time	322
	Amount Involved in Major Liability Accidents Related to the Safety and Quality of Products or Services	RMB 10,000	0
Protection of Customers' Rights and Interests	Number of Customer Complaints	Case	41,326
	Number of Customer Complaints Resolved	Case	38,605
	Customer Complaint Resolution Rate	%	93.42
Data Security and Privacy Protection	Number of Incidents of Data Security and Customer Privacy Breach	Case	0
	Data Security Drills Conducted	Time	10
	Number of Participants in Data Security Drills	Person	200

## Product Performance

	Indicator	Unit	2025
Data Security and Privacy Protection	Total Sessions of Training on Data Security and Customer Privacy Protection	Time	8
	Total Hours of Training on Data Security and Customer Privacy Protection	Hour	5,228
	Number of Participants in Training on Data Security and Customer Privacy Protection	Person	5,118
Supply Chain Security	Total Number of Suppliers in the Inventory Management System	Nos.	2,142
	Including: Number of Suppliers Passing ISO 9001 Quality Management System Certification	Nos.	200
	Number of Suppliers Passing ISO 14001 Environmental Management System Certification	Nos.	160
	Number of Suppliers Passing ISO 45001 Occupational Health and Safety Management System Certification	Nos.	100
	Number of ESG Training Sessions Conducted for Suppliers	Time	11
	Total Number of Participants in ESG Training for Suppliers	Person-times	91
	Total Duration of ESG Training for Suppliers	Hour	91
	Number of Suppliers Covered by ESG Training	Nos.	105
	Number of Incidents with Major Risk and Impact in the Supply Chain	Case	0

## Employee and Social Contribution Performance

	Indicator	Unit	2025
Labor's Rights and Interests	Signing Rate of Employment Contract	%	100
	Coverage Rate of Social Insurance	%	100
	Incidents of Child Labor and Forced Labor	Case	0
	Welfare Expenditures	RMB 10,000	25,226.79
	Including: Expenditures on Basic Benefits	RMB 10,000	21,841.62
	Expenditures on Special Benefits	RMB 10,000	3,385.17

## Employee and Social Contribution Performance

	Indicator	Unit	2025
Labor's Rights and Interests	Total Number of Employees	Person	7,907
	Including: Number of Employees of Minority Nationalities	Person	381
	Number of Employees with Disabilities	Person	51
	Number of Veteran Employees	Person	81
	Proportion of Male Employees	%	51.80
	Proportion of Employees under 30 (Exclusive) Years Old	%	48.20
	Proportion of Employees Aged under 30 (Exclusive)	%	24.98
	Proportion of Employees Aged 30 (Inclusive) - 40 (Exclusive)	%	36.64
	Proportion of Employees Aged 40-50 Percentage	%	23.08
	Proportion of Employees Aged 50 and Above	%	15.30
	Proportion of Senior Management	%	1.69
	Proportion of Middle Management	%	4.62
	Proportion of Primary Employees	%	93.69
	Proportion of Employees with Master's Degree or Above	%	3.41
	Proportion of Employees with Bachelor's Degree	%	20.69
	Proportion of Employees with College Degree	%	20.29
	Proportion of Employees Below College Degree	%	55.61
	Proportion of Manufacturing Employees	%	57.83
	Proportion of Technical Employees	%	6.77
	Proportion of Sales Employees	%	22.26
	Proportion of Finance Employees	%	2.10
	Proportion of Administration Employees	%	11.04

## Employee and Social Contribution Performance

	Indicator	Unit	2025
Labor's Rights and Interests	Proportion of Employees Working Inside China	%	51.88
	Proportion of Employees Working Outside China	%	48.12
	Number of employees receiving assistance for difficulties	Person	19
	Amount of assistance for employees in difficulty	RMB 10,000	3.75
	Proportion of Female Employees in Management	%	23.65
	Investment in Employee Training	RMB 10,000	174.72
	Number of Employee Training Sessions	Sessions	1,262
	Total Training Duration (excluding informal training hours)	Hour	28,262.02
	Investment in Mainland China Work-Related Injury Insurance	RMB 10,000	328.87
	Coverage Rate of Mainland China Work-Related Injury Insurance	%	100
	Number of Work Safety Accidents	Case	0
	Occupational Health and Safety	Number of Safety Training Sessions	Session
Number of Participants in Safety Training (Person-time)		Person-times	55,665
Total Training Duration		Hour	49,292
Coverage Rate of Safety Training		%	53
Identification and Rectification Rate of Potential Hazards		%	100
Number of Emergency Drills on Work Safety Conducted		Time	90
Number of Employees Holding Special Operation Certificate		Person	134
Permit Holding Rate for Personnel Engaged in Special Operations		%	100

## Employee and Social Contribution Performance

Indicator		Unit	2025
Contribution to Society	Total Charitable Contributions	RMB 10,000	204.66
	Investment in the Healthcare Co., Ltd. Scholarship	RMB 10,000	79.80
	Investment in Donations for Native Students of Dingyan Taking the College Entrance Examination	RMB 10,000	10.14

## Indexes

Primary Headline	Secondary Headline	GRI Standards	CASS-ESG6.0	Shanghai Stock Exchange Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)
	About this Report	2-2/2-3	P1.1/P1.2	Article 4 and Article 6
	Message from the Chairman	2-22	P2.1	/
	About Healthcare Co., Ltd.	2-1/2-6/201-1	P3.1-P3.3	/
	Sustainable Development Governance	2-9/2-12/2-16/2-17/ 2-29/3-1/3-2/3-3	G1.1.1-G1.1.3/G1.1.9 /G1.2.1-G1.2.4 /G1.3.1-G1.3.2	Articles 5, 9, 11 to 12, and 51 to 53
Grounded in Sustainability, Committed to a Clear Sky Future	Response to Climate Change	201-2/305-1/305-2 /305-4/305-5	E1.1.1-E1.1.8/E1.1.14 /E1.1.16/G1.1.8	Articles 11 to 19, and Articles 21 to 28
	Environmental Compliance Management	2-27	E2.4.1-E2.4.4	Article 33
	Energy Utilization	302-1/302-3/302-4	E3.1.1-E3.1.5	Article 35
	Circular Economy	301-1	E3.3.1-E3.3.2/E3.3.5	Article 37
	Pollutant Emissions	303-2/305-7	E2.1.1-E2.1.3/ E2.1.5-E2.1.6	Article 30
	Waste Disposal	306-2	E2.2.1/E2.2.3/ E2.2.5-E2.2.6	Article 31
	Water Resource Utilization	303-1/303-3	E3.2.1-E3.2.4	Article 36
	Ecosystem and Biodiversity Protection	304-2	E2.3.3	Article 32
Crafted with Expertise, Dedicated to Quality Sleep	Safety and Quality of Products and Services	2-27/416-2	S3.3.1-S3.3.6/G1.1.8	Articles 11 to 16, Articles 18 to 19, and Article 47
	Innovation-driven Development	2-27/203-2	S2.1.1-S2.1.7/S2.1.10 /S2.1.12-S2.1.13/G1.1.8	Articles 11 to 16, Articles 18 to 19, and Articles 42 to 43



Primary Headline	Secondary Headline	GRI Standards	CASS-ESG6.0	Shanghai Stock Exchange Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)
Crafted with Expertise, Dedicated to Quality Sleep	Supply Chain Security	2-6/2-27	S3.1.1-S3.1.4/G1.1.8	Articles 11 to 16, Articles 18 to 19, and Articles 45 to 46
	Protection of Employees' Rights and Interests	2-7/2-27/401-2/403-1 /403-2/403-5/ 403-7/404-1/404-2 /404-3/405-1	S4.1.3-S4.1.4/S4.1.6 /S4.1.11-S4.1.12/ S4.2.1-S4.2.2/S4.2.4- S4.2.6/G1.1.8	Articles 11 to 16, Articles 18 to 19, and Articles 50
	Data Security and Customer Privacy Protection	2-27/418-1	S3.4.1-S3.4.4	Article 48
	Contribution to Society	203-1/203-2	S1.2.1-S1.2.4/S1.2.6	Article 40
	Rural Revitalization	203-1/203-2	S1.1.1-S1.1.3	Article 39
	Unified in Governance, Devoted to Lasting Progress	Compliance and Risk Management	201-1/207-2	/
Strong Party Leadership		/	/	/
Standardization of Corporate Governance		2-19/ 2-20/2-27/405-1	/	/
Protection of Shareholders' Rights and Interests		2-29	G1.3.1-G1.3.2	Article 9 and Article 53
Anti-Unfair Competition		2-27/206-1	G2.2.1-G2.2.3	Article 56
Future Prospects	Anti-Commercial Bribery and Anti-Corruption	2-27/205-2/205-3	G2.1.1-G2.1.3/ G2.1.6-G2.1.8	Article 55
	Key Performance	/	A1	/
	Indexes	/	A2	Article 6
Appendix	Feedback	/	A3	Article 57
		/	A6	Article 9

## Feedback

We appreciate your time in reading the 2025 Environmental, Social and Governance (ESG) Report of Healthcare Co., Ltd. To continuously improve our ESG efforts and further enhance sustainable development management, we cordially invite you to provide your valuable feedback by answering the questions in this feedback form. Your insights are crucial for our ongoing improvement in ESG and sustainable development management. We are grateful for your strong support for our ESG Efforts.

1. Which of the following stakeholders is most relevant to you:

- Consumer
  Investor
  Supplier
  Employees
  Governments and Regulators  
 Media/Industry Association
  Community
  Others (please specify) \_\_\_\_\_

2. Are you satisfied with this report?

- Yes
  No
  Neutral

3. Does this ESG report provide any information that you are interested in?

- Yes
  No
  Neutral

4. Do you think the report truthfully reflects Healthcare Co., Ltd.'s ESG initiatives and their impact on stakeholders?

- Yes
  No
  Neutral

5. Can you conveniently find the information you are concerned about in the report?

- Yes
  No
  Neutral

6. Are you satisfied with the layout design of the report?

- Yes
  No
  Neutral

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

\_\_\_\_\_

8. Which parts of this report would you like to see disclosed regularly?

\_\_\_\_\_

9. Do you have any other comments or suggestions regarding our ESG report, ESG efforts, or sustainable development management?

\_\_\_\_\_

Please fill out the form with your comments and mail it to: No.999 Gaonan Road, Dingyan Town, Rugao City, Jiangsu Province, China

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