

**yuwell** 鱼跃



**2023** Sustainability Report

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## Message from the Chairman

The passing of time brings constant renewal and progress. 2023 holds significant importance for Yuwell Medical. The ongoing enhancements in living conditions and the increasingly aging population have led to a swift rise in healthcare needs and quality expectations. In an era of accelerated industry transformation, clear advancements in green and smart technologies are being made. We have deeply integrated the concept of ESG into our operational development, significantly enhancing our R&D innovations, actively pushing forward digital and intelligent transformation, and consistently improving product accessibility. This year, we have focused both on foundational growth and breakthroughs, progressing simultaneously in quality enhancement and efficiency improvement.

Yuwell Medical has upheld a strong sense of responsibility and commitment throughout its development journey. For Yuwell Medical, ESG is not an optional task but an essential requirement for achieving high-quality growth on a global scale. Over the years, we have steadfastly held the vision of leading industry development through innovation and enhancing the health of millions of families. Our commitment is focused on health and driven by technology, constantly seeking new pathways and models in ESG development. This commitment drives our sustainable growth and fuels our efforts to contribute to global healthcare initiatives. This inaugural sustainability report released by Yuwell Medical is intended to communicate our profound contemplation and management practices on sustainability with the wider community. Our aim is to express our genuine desire to work together in building, innovating, and sharing a sustainable future.

**Empowering healthcare through innovation.** Following the new strategy of "reshaping medical devices through innovation," Yuwell Medical puts innovation at the forefront of its development. We consistently increase investment in R&D and explore new areas and create new advantages through technological innovation, delivering more valuable healthcare solutions to society. In 2023, the company made significant strides by capitalizing on its extensive global research and development network and numerous national-level and provincial scientific platforms. We made breakthroughs in critical industry technologies and secured a series of patents and standards that are at the forefront internationally and are protected by our own intellectual property. Additionally, we enhanced our product development lineup, making it more robust and comprehensive, thereby increasing our competitive edge against top-tier global products. In the realm of intelligent medical solutions, we created an open, enabling platform and significantly extended the reach of digital health

services through the "Yuwell Health Manager" platform among others. This initiative enabled us to further our cooperation with multiple partners and made significant progress in constructing a digital healthcare ecosystem, moving a step closer to completing the smart healthcare service loop. By the end of the reporting period, our digital health services had covered 200,000 Yuwell health products. Furthermore, Yuwell Medical took the lead in drafting and filing the *Standards for Data Collection and Application of Home Medical Devices*, significantly enhancing the security of data collection and application in home medical devices.

**Leveraging digital intelligence for efficient operations.** Yuwell Medical prioritizes the critical relationship between medical device safety and health. The Company actively embraces technological advances and has developed a data-driven, multi-platform, deeply interactive intelligent manufacturing ecosystem, incorporating digital technologies into comprehensive business chain management. The Yuwell Intelligent Manufacturing Factory is one of the few national-level intelligent manufacturing pilot companies in the medical device field, and continually improves its lean practices, business efficiency, and product quality through automation, informatization, and intelligence. In its ongoing upgrades, the factory has developed the capacity to handle complex processes and very high-quality demands, offering more competitive health products and services. By harnessing the power of intelligent manufacturing and digitalization, Yuwell Medical has established an efficient end-to-end quality management system for the entire product lifecycle, along with a comprehensive multi-channel customer service system, which have significantly enhanced customer satisfaction and product experience. In 2023, the first-time inspection pass rate of these systems reached 99.73%, with customer satisfaction rates at the B2B and B2C fronts being 96.2% and 98.5% respectively. Additionally, the Company has been recognized with the Digital Service Management Innovation Award.

**Rooted in green, committed to environmental friendliness.** Yuwell Medical incorporates the principles of green ecology and sustainability into its operational activities, advocating for the implementation of the EHS Management System across all business areas. Attentive to the challenges and prospects that climate change presents, the Company aims to minimize its environmental impact while enhancing its competitiveness. In 2023, the Company aligned with the ISO 50001 Energy Management System standards to conduct comprehensive energy management, promoting the construction of a big data platform for energy management. Through creating a unified system that combines data collection, process monitoring, and energy

management, we achieved holistic closed-loop management from energy planning to statistics, analysis, and assessment. Moreover, continuous upgrades in equipment technology led to an increasing share of green electricity. The comprehensive energy consumption per unit of product value, greenhouse gas emissions, and energy consumption per unit of output have been effectively controlled, with the annual energy management goal being 100% achieved. We also adopt green innovation principles in our product development, striving for miniaturization, relentlessly pursuing compactness, lightweight structures, energy efficiency, and green health-focused designs, committed to delivering environmentally friendly, superior-quality products.

**Driven by talent, moving forward with vitality.** Yuwell Medical focuses on a "consumer-oriented, digitalized, and youth-focused" talent development strategy. We have established the Yuwell Learning and Development Center to create unique talent development programs with a product-driven approach. We also collaborate with external professional organizations, and invite top industry experts to conduct exchanges and training sessions. Through a combination of training and practical learning solutions and diverse learning formats, we consistently enhance our talent competitiveness. The Company has also developed a compensation and benefits system that is both externally competitive and internally fair, ensuring employee health and well-being. Events like YUWELL DAY promote cultural integration and efficient collaboration, creating a diverse, equal, inclusive, and warm workplace. Employee satisfaction has consistently improved, earning Yuwell Medical the titles of Best Employer of the Year, Outstanding Human Resources Management Award, and Best Talent-Nurturing Employer in 2023.

**Embracing responsibility and protecting health.** With a commitment to "alleviating patient suffering and enhancing doctors' medical skills," Yuwell Medical persistently explores charitable models that resonate with current times and societal demands. In 2023, the Company invested 42.874 million yuan in public welfare, supporting emergency medical care, diabetes care, and rural healthcare infrastructure. We are actively engaged in emergency medical assistance. The Flying Fish Rescue Team, alongside professional race security organizations, has provided free support for over a thousand global marathon events. The Yuwell Primedic rescue ecosystem extends across more than 100 countries, saving hundreds of lives annually. We actively collaborate with social media, hospitals, and charitable organizations to engage in managing chronic diseases. Since 2017, we have partnered with the Love Save Pneumoconiosis charity organization to support farmers suffering from pneumoconiosis. We also offer free clinics and summer camps, establish the Yuwell Diabetic Community, and

produce charitable short films to bring more warmth and care to diabetics. For five consecutive years, we have supported the Jack Ma Rural Teachers Initiative with medical health gift packs, and donated nearly 20,000 medical-grade oxygen generators to rural healthcare institutions in central and western China. Moreover, our staff have ventured into high-altitude outposts over 5,000 meters above sea level multiple times to deliver high-quality and reliable highland oxygen concentrators to residents, aid workers, and stationed troops in Xizang, all to protect life and health.

Staying grounded and determined, we never forget our initial aspirations as we tirelessly strive forward. Yuwell Medical will continue to drive high-quality sustainable growth through its consistent focus on ESG. In partnership with key stakeholders, we maintain our ethical standards and push for innovation, confidently progressing towards a new era where economic, social, and environmental benefits are mutually realized.

**Wu Qun,**  
Chairman and General Manager of Jiangsu Yuyue  
Medical Equipment & Supply Co., Ltd.



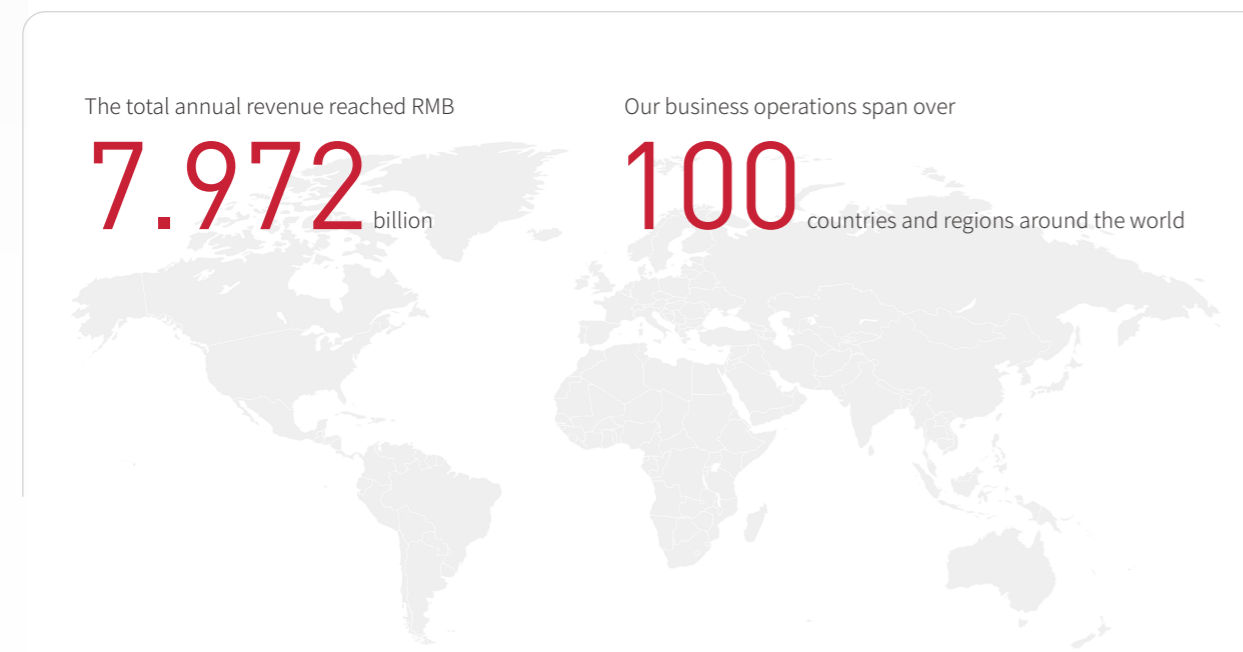
# About Yuwell Medical

## Company Profile

Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (referred to as "Yuwell Medical," stock code 002223) specializes in the R&D, production, sales, and service of medical devices. As a leading comprehensive provider of medical devices and solutions in China, Yuwell Medical is dedicated to offering high-quality, innovative medical products and services to patients and healthcare institutions worldwide.

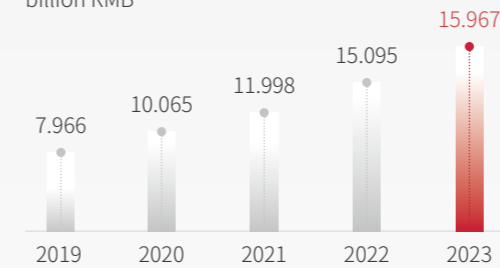
Yuwell Medical has always committed itself to the mission of "alleviating patient suffering and enhancing doctors' medical skills," with a consumer-centric focus on life and health care. Our products primarily span various fields, including respiratory treatment solutions, diabetes care solutions, infection control solutions, home-use electronic testing equipment, as well as in vitro diagnostic devices, emergency medical devices, rehabilitation devices, and clinical instruments. With our eyes on the vast international market, the Company's key strategy is "reshaping medical devices through innovation," which is firmly backed by our strong research and development foundation along with our capacity for technological innovation. On the bedrock of steadily advancing our foundational businesses in blood pressure monitoring, thermometry, traditional Chinese medical devices, and surgical tools, we especially emphasize expanding in the core areas of respiratory and oxygenation systems, blood glucose and POCT, and sterilization and infection control. Additionally, we're proactively incubating high-potential fields including emergency care, ophthalmology, and intelligent rehabilitation, constantly driving industry transformation and continuously contributing to the flourishing of ever more lives.

After years of development, Yuwell Medical has prioritized substantial investment in research and development for new products and projects, sustaining a leading position in scientific innovation. The Company has established multiple R&D and manufacturing centers in Germany, Shanghai, Nanjing, Suzhou, Danyang, Xizang, Shenzhen, etc. It also boasts several scientific and innovative platforms such as the national enterprise technology center, national industrial design center, and national postdoctoral scientific research workstation. Through this, the Company has established an extensive global network in R&D, manufacturing, marketing, and services, with its products receiving widespread recognition. The Company also actively collaborates with medical institutions both domestically and internationally, working together to advance the development and progress of the healthcare industry. During the reporting period, the main business activities of the company remained consistent. Details regarding the Company's operational and financial performance can be found in the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2023 Annual Report*.



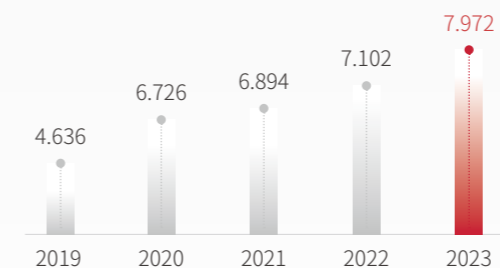
### Total assets

billion RMB



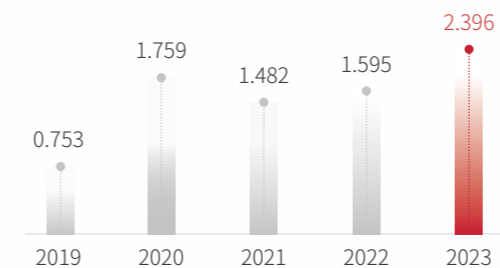
### Revenue

billion RMB



### Net profit attributable to shareholders of listed companies

billion RMB



## Corporate Culture

### Mission and Responsibility

Alleviating patient suffering and enhancing doctors' medical skills.

### Core Vision and Objectives

Leading industry development through innovation and enhancing the health of millions of families.

### Core Values

Integrity as the foundation, customers as the core, public spirit as the driving force, team as the source of pride, performance as the proof.

### Philosophy

We are convinced that actively managing and foreseeing health issues is the optimal guarantee for the ongoing enhancement of the quality of life.

### Brand Personality

Mission-driven, eager to help, full of hope, scientific and rational.

### Brand Proposition

Focused on health, driven by technology

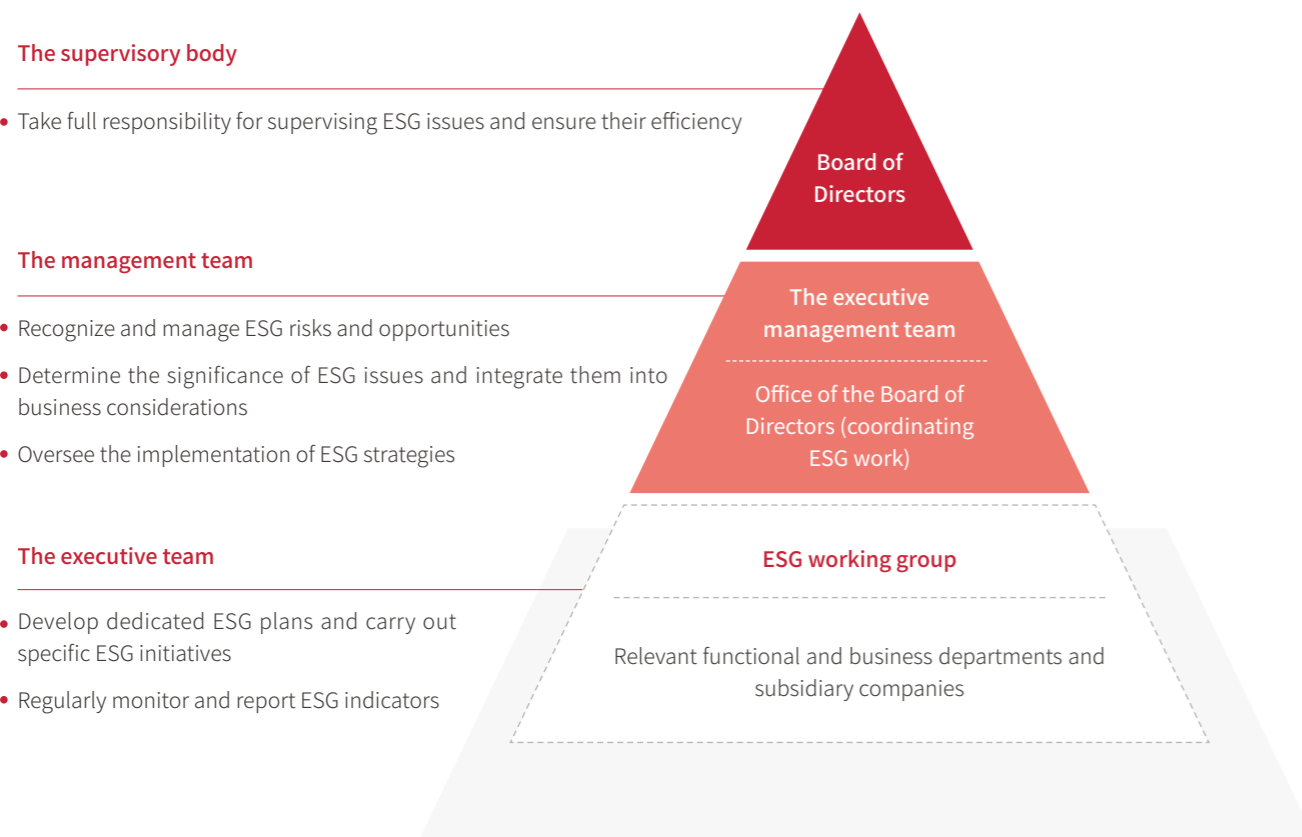


# Sustainable Development Management

## Sustainable Development Management System

At Yuwell Medical, quality and sustainability are always at the forefront. The Company is committed to refining its systems for environmental, social, and corporate governance. It amplifies the Board's active supervision and engagement in ESG matters, taking ESG as a critical driving force to enhance compliance management, foster high-quality growth, and boost corporate competitiveness. The Board of Directors, as the governing body responsible for economic, environmental, and social issues, participates in and manages the potential impacts and risk assessments of ESG issues on the Company's operational framework. It supervises and ensures the effective implementation of ESG objectives, strategies, and plans, and guarantees the seamless integration of ESG strategies into various departments and key business processes. Please refer to the section "Strengthening Corporate Governance / Board Diversity" in this report for information on the Board's expertise and capabilities in overseeing strategies and systems related to ESG impacts, risks, and opportunities.

The Company utilizes quantitative metrics to assess the efficacy of its ESG management strategies and is gradually integrating these ESG indicators into the evaluation criteria of its compensation system. During the reporting period, the Company organized specialized ESG training, covering topics such as ESG trends and requirements, key points for advancing ESG issues, and ESG information disclosure. This training is designed to improve employees' comprehension and awareness of our ESG initiatives, thereby better facilitating the implementation of ESG practices.



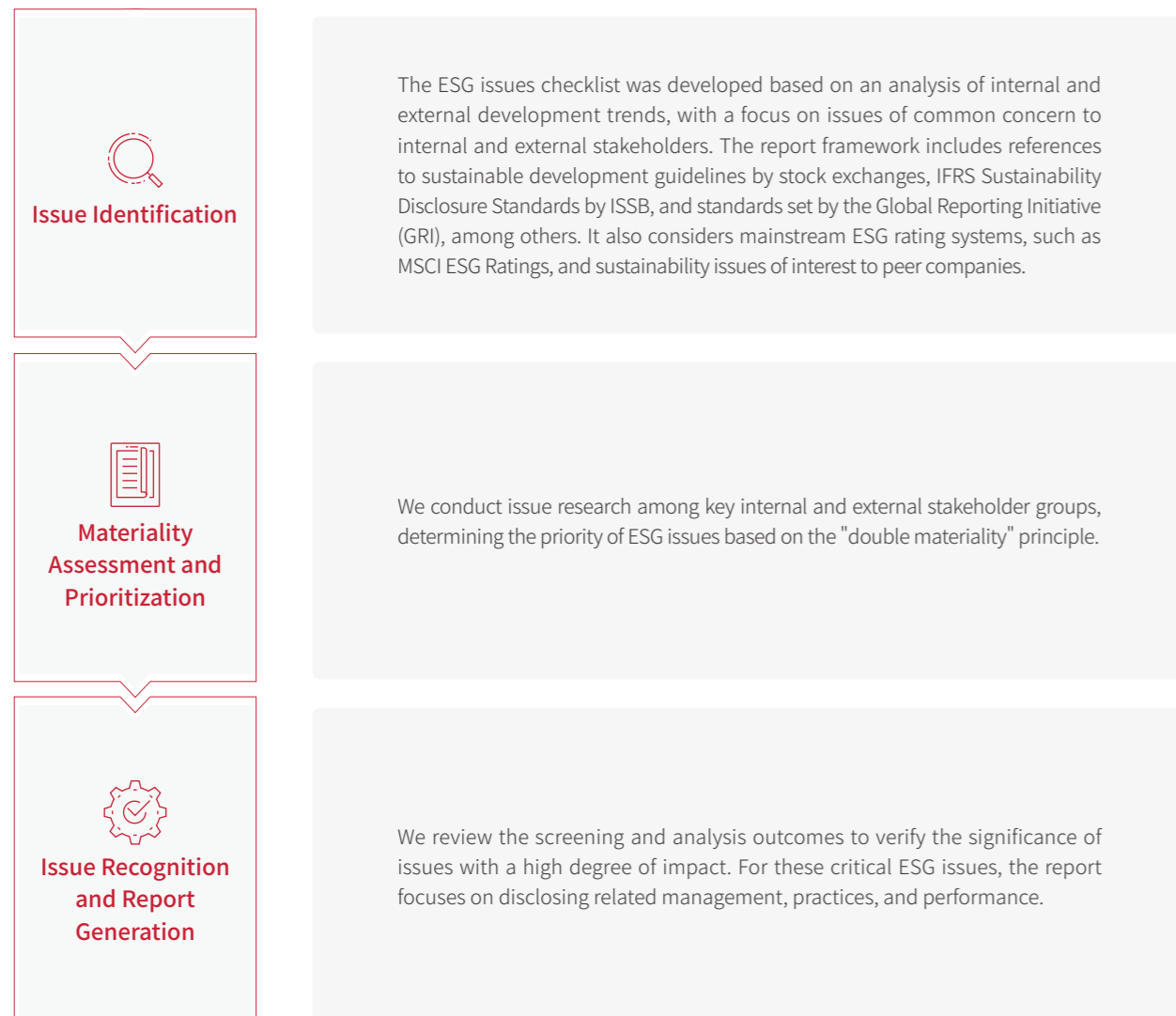
## Stakeholder Communication

Yuwell Medical places great emphasis on the expectations and demands of its stakeholders, maintaining effective communication with them through a positive and open approach. The Company consistently refines its diverse and regular internal and external communication strategies to actively address the concerns of all stakeholders.

| Stakeholders  | Issues of concern  | Main communication methods  |
|---|--|---|
| <br><b>Government &amp; Regulatory Authorities</b> | <ul style="list-style-type: none"> <li>Compliance operations</li> <li>Product quality and safety</li> <li>Business ethics and anti-corruption</li> <li>Information security and privacy protection management</li> <li>Environmental management</li> <li>Support for local development (including rural revitalization)</li> </ul> | <ul style="list-style-type: none"> <li>Specialized meetings or reports</li> <li>Feedback on policy consultation</li> <li>Official visits</li> <li>Compliance regulatory inspections</li> <li>Active participation in government programs</li> </ul>                 |
| <br><b>Shareholders &amp; Investors</b>            | <ul style="list-style-type: none"> <li>Compliance operations</li> <li>Innovation and high-quality development</li> <li>Business ethics and anti-corruption</li> <li>Consistent and stable returns</li> <li>Investor relations</li> </ul>   | <ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Financial reports and announcements</li> <li>Investor hotline</li> <li>Roadshow</li> <li>Investor exchange meeting</li> <li>Company visits</li> <li>Media interaction</li> </ul>    |
| <br><b>Customers</b>                             | <ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Innovation, low-carbon products and services</li> <li>Customer service management</li> <li>Business continuity</li> <li>Information security and privacy protection</li> </ul>  | <ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Professional customer service team</li> <li>Exchange activities</li> <li>User training</li> <li>Media interaction</li> </ul>   |
| <br><b>Partners</b>                              | <ul style="list-style-type: none"> <li>Compliance operations</li> <li>Business ethics and anti-corruption</li> <li>Responsible supply chain</li> <li>Information security and privacy protection</li> <li>Industrial cooperation and exchange</li> </ul>   | <ul style="list-style-type: none"> <li>Supply chain audits and training</li> <li>Communication and exchange (high-level exchange visits, supplier conferences, industry conferences, etc.)</li> <li>Open cooperation</li> </ul>                                     |
| <br><b>Employees</b>                             | <ul style="list-style-type: none"> <li>Talent introduction and retention</li> <li>Employee rights and benefits</li> <li>Occupational health and safety</li> <li>Employee training and development</li> <li>Diversity and equal opportunities</li> </ul>  | <ul style="list-style-type: none"> <li>Employee activities and communication</li> <li>Employee training</li> <li>Performance evaluation and feedback mechanism</li> <li>Internal information communication platform</li> <li>Employee grievance channels</li> </ul> |
| <br><b>Public and Community</b>                  | <ul style="list-style-type: none"> <li>Compliance operations</li> <li>Product quality and safety</li> <li>Innovation, low-carbon products and services</li> <li>Green operations</li> <li>Public welfare and charity</li> <li>Support for local development (including rural revitalization)</li> </ul>                            | <ul style="list-style-type: none"> <li>Media interaction</li> <li>Inclusive products</li> <li>Public welfare programs</li> <li>Medical assistance services</li> </ul>   |

## ESG Issue Management

Yuwell Medical attaches great importance to deeply integrating its long-term corporate development strategy with the concept of sustainable development. The Company strictly follows a detailed process for analyzing material issues, which is grounded in international authoritative guidelines and regulatory disclosure instructions. We have drawn upon widely recognized international ESG benchmarks, rating entities, and peer company ESG concerns to establish a roadmap for "issue identification - importance assessment and ranking - issue confirmation and reporting," leading to the creation of the Yuwell Medical 2023 ESG Material Issue Research Questionnaire. By adhering to the "double materiality" principle, we evaluate the significance of this year's ESG issues based on their importance to both the Company's development and to our stakeholders. We identify key issues of high materiality to prioritize in our report, and continually improve our ESG management to better meet the expectations and demands of our stakeholders. As the top decision-making body responsible for managing economic, environmental, and social issues, the Board of Directors is in charge of assessing and overseeing the impacts, risks, and opportunities related to sustainable development. The relative importance of these issues is disclosed in the report after they have been reviewed and approved by the Board.



| No. | Topic                                       | No. | Topic   |
|-----|---|-----|---|
| 1   | Compliance operations                       | 14  | Intellectual property protection  |
| 2   | Business ethics and anti-corruption         | 15  | Product quality and safety  |
| 3   | Corporate governance                        | 16  | Customer relationship management  |
| 4   | Board diversity                             | 17  | Access to healthcare  |
| 5   | Digital operations                          | 18  | Responsible marketing   |
| 6   | Information security and privacy protection | 19  | Employee rights and benefits (including occupational health and safety) |
| 7   | Addressing climate change                   | 20  | Diversity and equal opportunities                                       |
| 8   | Water resource management                   | 21  | Employee training and development                                       |
| 9   | Emissions and waste management              | 22  | Sustainable supply chain  |
| 10  | Resource management and circular economy    | 23  | Industrial cooperation and development                                  |
| 11  | Biodiversity conservation                   | 24  | Public welfare volunteer services                                       |
| 12  | Low carbon products                         | 25  | Serving regional development (including rural revitalization)           |
| 13  | Innovative smart healthcare                 |     |   |



# Efficient Governance: Marching Towards a New Era of High-Quality Development

Proportion of female directors

44.4%

Anti-corruption training coverage for key positions

100%

Information leakage incidents

0

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# Strengthening Corporate Governance

## Standardized Governance

Yuwell Medical strictly adheres to the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Corporate Governance Guidelines for Listed Companies*, and other relevant laws, regulations, and guidelines, as well as the standards set forth in the Articles of Association. The Company has established a corporate governance structure composed of the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and the senior management team. This structure ensures the powers of the authorities, decision-making bodies, supervisory bodies, and executive bodies are clearly defined, coordinated, and balanced, thereby consistently enhancing the Company's governance level. In 2023, the Company successfully completed the addition and revision of 10 management regulations. The General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and the senior management team followed stringent standardized operational rules and internal procedures for management decision-making and operational oversight. For detailed information on the Company's governance, please refer to the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2023 Annual Report*.

The General Meeting of Shareholders is the Company's authoritative body, legally vested with decision-making powers on major issues such as corporate policy, investment, and profit distribution. The Board of Directors is accountable for the General Meeting of Shareholders and serves as the Company's operational decision-making core. The Board also comprises four specialized committees: the Strategy Committee, Audit Committee, Nomination Committee, and Compensation and Evaluation Committee. These committees decide on specific matters within the scope authorized by the Board, and provide professional advice and recommendations for the Board's decision-making. Independent directors constitute the majority and hold the chair positions in the Audit Committee, Nomination Committee, and Compensation and Evaluation Committee. The chairperson of the Audit Committee is an accounting professional. The Supervisory Board, as a supervisory body, is accountable to the General Meeting of Shareholders, and effectively oversees the Company's finances as well as the legality and compliance of the Company's directors and senior management in performing their duties, so as to protect the legitimate rights and interests of the Company and its shareholders.

To adhere to regulations such as *Measures for the Administration of Independent Directors of Listed Companies*, the Company has established the *Specialized Meeting System for Independent Directors*. Additionally, we meticulously convene and hold shareholders' meetings in strict accordance with the *Rules for the Shareholders' Meetings of Listed Companies* and the *Company's Rules of Procedure for Shareholders' Meetings*, and hold meetings of the Board of Directors and the Supervisory Board in accordance with the *Rules of Procedure for the Board of Directors* and the *Rules of Procedure for the Supervisory Board*. Furthermore, The Company strictly adheres to the relevant provisions on voting matters and voting procedures, protecting the legitimate rights and interests of the Company and its shareholders. Throughout 2023, 3 shareholders' meetings were held, with 15 resolutions approved; 11 board meetings were held, with 40 resolutions approved; and 8 supervisory board meetings were held, with 15 resolutions approved. Furthermore, 7 Audit Committee meetings, 1 Strategy Committee meeting, 3 Remuneration and Evaluation Committee meetings, and 3 Nomination Committee meetings were held throughout the year.



## Investor Rights Protection

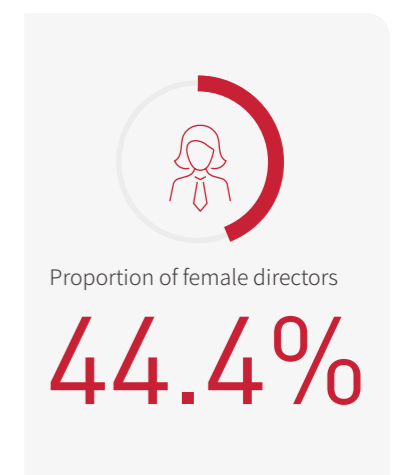
Yuwell Medical strictly adheres to the requirements of the *Securities Law of the People's Republic of China*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Provisions on the System for Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies*, and other relevant laws, regulations, and normative documents, ensuring that information disclosure is conducted in a truthful, accurate, comprehensive, and prompt manner. During 2023, the Company released 54 announcements regarding the General Meeting of Shareholders, Board of Directors, Supervisory Board meetings, routine reports, and significant matters, guaranteeing equal access to information for all shareholders. During the reporting period, there were no false records, misleading statements, significant omissions or other improper disclosures in the Company's information disclosure. We also keep a close eye on the public opinion environment and market trading conditions to effectively protect the legitimate rights and interests of investors through fair information disclosure.

Yuwell Medical highly prioritizes investor relations management. In compliance with regulations such as the *Investor Relations Management System*, we standardize procedures for convening, conducting, discussing, and voting in shareholders' meetings. We persistently enhance diverse investor communication channels and actively conduct investor relations management activities, effectively promoting interaction and mutual trust between the Company and investors. The Company sincerely considers feedback and suggestions from shareholders and potential investors, provides timely answers to their inquiries and fosters a positive interaction environment for investors. We treat all shareholders equally. Small and medium shareholders can attend the General Meeting of Shareholders in person or cast their votes online. For major issues that may affect the interests of these investors, the Company counts and discloses their votes separately. The time and location of the general meetings are chosen to maximize shareholder attendance. We also utilize modern information technology to increase shareholder participation in the meetings, ensuring that all investors, especially small and medium shareholders, are informed and involved in significant company decisions. We engage with investors through platforms like cninfo.com, fully listening to the opinions and demands of small and medium shareholders and promptly responding to their concerns. We diligently answer the investor hotline, achieving a 100% response rate on cninfo.com.

As we concentrate on our corporate progression, we steadfastly maintain an investor-centric approach. From the commencement of our public listing, we've adhered to a steadfast and enduring cash dividend strategy, as stipulated by the *Articles of Association*, with the goal of sharing the fruits of our development with our investors. The Board of Directors formulates a profit distribution plan based on the Company's annual operating performance, which is then submitted to the shareholders' meeting for review, ensuring that the legal rights of all shareholders, particularly those of small and medium investors, are fully protected. For detailed information on the protection of shareholders' and creditors' rights, please refer to the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2023 Annual Report*.

## Board Diversity

Board diversity is a crucial element in supporting the Company in achieving its strategic objectives and sustainable growth. To ensure the scientific and effectiveness of Board decision-making, Yuwell Medical endeavors to encourage diversity within the Board in terms of gender, culture, education, professional capabilities, and beyond. The Company currently has 9 members on the Board of Directors, including 4 female directors. Among them, 6 are non-independent directors, and 3 are independent directors. Board members possess extensive expertise and practical experience across diverse fields such as biotechnology, medical devices, risk management, financial accounting, law, and finance, reflecting the Board's balance concerning gender, experience, background, and professional skills. The Audit Committee includes one independent director with a professional accounting background, along with several directors who have extensive experience in risk management, including the development of risk control systems and risk management regulations, as well as handling and mitigating significant risk incidents. Their expertise effectively helps the Company identify risks, make sound risk decisions, and counteract and resolve risks.





In 2023, Yuwell Medical revised its *Independent Director System* and the *Working Rules of the Nomination Committee of the Board of Directors*. The nomination of Board members goes through a rigorous selection process. The Nomination Committee takes diversity into account and thoroughly evaluates potential candidates on a range of professional criteria, including their educational qualifications, industry experience, specific competencies, professional knowledge, and work history, to uphold a properly diversified and balanced composition of the Board's capabilities, skills, experiences, gender, age, and cultural and educational backgrounds. The Company also gives significant importance to the personal reputation of Board members in terms of ethical behavior and leadership. After the nomination of the independent director candidates is approved, it must be submitted to the Shenzhen Stock Exchange for review of qualifications and independence. Following approval, the General Meeting of Shareholders will proceed with elections using a cumulative voting method, which aims to consistently improve the level of corporate governance and decision-making skills.

The Company promotes the involvement of its Board members in various professional skill enhancement and compliance training programs, effectively boosting their awareness of compliance and ability to fulfill their duties. During the reporting period, the Board members participated in specialized training focused on corporate governance and reforms to the Independent Director System. They engaged in thorough learning sessions covering interpretations of reforms to the Independent Director System for Listed Companies, regulatory requirements for information disclosure, and relevant case studies.

| Type                             | Name          | Gender | Professional Capacity |                 |                      |     |
|----------------------------------|---------------|--------|-----------------------|-----------------|----------------------|-----|
|                                  |               |        | Industry Experience   | Risk management | Financial accounting | Law |
| Chairman, General Manager        | Wu Qun        | Male   | ✓                     | ✓               |                      |     |
| Director, Deputy General Manager | Zhao Shuai    | Male   | ✓                     | ✓               |                      |     |
| Director                         | Wang Lihua    | Female | ✓                     |                 |                      |     |
| Director, Deputy General Manager | Zheng Hongzhe | Male   | ✓                     | ✓               |                      |     |
| Director                         | Chen Jianjun  | Male   | ✓                     |                 |                      |     |
| Director, Board Secretary        | Wang Ruijie   | Female | ✓                     |                 |                      | ✓   |
| Independent Director             | Yu Chun       | Female |                       | ✓               | ✓                    |     |
| Independent Director             | Wan Suiren    | Male   | ✓                     |                 |                      |     |
| Independent Director             | Zhong Mingxia | Female |                       | ✓               |                      | ✓   |

## Risk Management and Internal Control

A robust internal control and risk management system ensures sound corporate governance. During the reporting period, Yuwell Medical strictly observed the *Company Law of the People's Republic of China*, the *Audit Law of the People's Republic of China*, the *Basic Norms for the Internal Control of Enterprises*, and their supplementary guidelines, as well as the relevant internal control regulatory requirements of the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE). Taking into account the reality of the Company and the characteristics of the medical device industry, we have consistently promoted the development, evaluation and supervision of our internal control system, and ensured its effective operation to facilitate the Company's sustainable and sound operation. We have also put in place a holistic internal control and necessary internal supervision mechanism across our corporate governance structure and business operations. Working Rules of the Nomination Committee of the Board of Directors

## Risk Management Structure

The Board of Directors and its Audit Committee are collectively responsible for the overall management and supervision of a wide range of risks. The Audit Committee is responsible for supervising and evaluating the operation and implementation of the internal audit system and the internal control system to secure effective risk management, and keeping abreast of the work progress of such external audit organizations as accounting firms and national audit authorities. The Board of Directors authorizes other committees to work on specific tasks of risk management in their respective areas of expertise. As a risk supervision department independent of other business functions, the Audit Department of the Company is responsible for conducting day-to-day supervision on an ongoing basis and securing effective risk control through the audit mechanism. Where necessary, an external third party will be engaged to perform an independent audit.

## Risk Identification and Response

Yuwell Medical constantly strengthens the identification of and response to risks and strictly standardizes its business management processes, in order to enable a standardized whole-process management and control of risk assessment, control confirmation, defect rectification and implementation in its global core business sectors. We are also committed to promptly identifying and evaluating the sources of risks associated with the Company's operations, while improving and supervising matters closely related to the Company's operations, such as investment risks, business risks, operational risks, and sustainability-related risks. These closed-loop management efforts improve the Company's risk prevention and control capabilities. Meanwhile, the Company incorporates material ESG risks and opportunities into its risk review and business planning process, and takes them into full consideration in its operational and financial planning. This helps the Company better manage or mitigate risks and locate growth and restructuring opportunities.

## Risk Training

Yuwell Medical is keen to foster a culture of risk management. By offering risk-related training and advocacy, we aim to enhance employees' awareness of internal control risks and strengthen their internal control management capabilities. This will ultimately shape a risk-prevention pattern engaging the entire workforce and help constantly improve its standardized operation level. Moreover, the Company expressly requires all its departments to keep abreast of new regulations and policies, before initiating relevant researches in a timely manner. Where necessary, external specialists will be engaged to deliver in-depth briefings and training, so as to minimize the potential risks to a tolerable level.

## Adherence to Business Ethics

### Strengthening the Defense Line of Business Ethics

Committed to the core value of "integrity as the foundation," Yuwell Medical strictly complies with the *Company Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Anti-monopoly Law of the People's Republic of China*, the *Anti-money Laundering Law of the People's Republic of China*, and other laws, regulations and industry practices. Based on this, we have put in place and consistently improved our business ethics and anti-corruption management system, and enhanced compliance and business ethics training and cultural development, while standing against any form of fraud, commercial bribery, and similar misconduct. During the reporting period, no major litigation cases involving corruption or unfair competition were filed against Yuwell Medical.

Signing rate of Anti-commercial Bribery Statement by suppliers, regular distributors and partners of the parent company of Yuwell Medical

100%

Anti-corruption training coverage for key positions

100%

Anti-corruption training hours per employee

2 hours

## Business Ethics Management

Yuwell Medical has established an effective business ethics and compliance management framework globally. Within this framework, the Board of Directors is the supreme decision-making body for business ethics and anti-corruption management, while the Audit Committee and the Supervisory Committee under the Board of Directors serve as supervisory organizations in charge of overseeing and regulating the implementation of the business ethics management systems and the fulfillment of duties, supporting the high-quality development of the Company. As a primary independent department of the Company, the Supervisory Committee is responsible for formulating systems related to business ethics and anti-corruption, reviewing major compliance and business ethics matters of the Company, and conducting supervision efforts from time to time. The Supervisory Committee is also in charge of evaluating compliance and business ethics risks, investigating corporate corruption incidents, and reporting directly to the Chairman. Additionally, it actively responds to the latest national and industry policies on compliance and business ethics, enhancing its oversight capabilities in these domains.

Yuwell Medical has formulated and consistently improved its business ethics management systems applicable to all its operations and functions. These include the *Code of Conduct for Integrity in Business Practices*, *Yuwell Medical Statement on Anti-commercial Bribery*, *Yuwell Medical Declaration Management System for Employee Conflicts of Interests*, *Yuwell Medical Surrender Management System for Gifts and Cash as Giving*, and *Yuwell Medical Management Measures for Supervision*. In doing so, requirements on anti-fraud, anti-money laundering, anti-corruption, anti-bribery, fair competition, anti-monopoly, and anti-conflict of interest are applied to the Company's directors, all its employees (including part-time employees), as well as to its headquarters' supply chains and distributors. These standards are also progressively extended to suppliers, distributors, and other customers of our subsidiaries, thereby comprehensively strengthening the defense line of business ethics across all areas.

## Business Ethics Audit

Under the framework of business ethics management systems, the Supervisory Committee and the Audit Department occasionally conduct audits and inspections of the implementation of systems and business ethics risks in various business scenarios, and regularly communicate the audit results, material audit findings, and matters of concern to the Audit Committee of the Board and the Chairman directly. The Supervisory Committee and the Audit Department maintain independence at the organizational, operational, and individual levels. In addition, the Company conducts an annual review of the effectiveness and compliance of the operation of the internal control system and actively manages potential business ethics risks in the course of operations.

The Supervisory Committee and the Audit Department constantly conduct relevant special audits based on the reality, the Company's control requirements and the audit plan formulated by the department, so as to enhance the risk control of core business scenarios. At the same time, we have formulated a continuous improvement scheme based on the audit results to ensure the effective operation of the Company's business ethics and anti-corruption policy and compliance system. Additionally, we have signed anti-corruption agreements with our business partners and set up external whistleblowing channels to identify and prevent ethical business risks in the business process.

## Business Ethics Training

Yuwell Medical endeavors to foster a clean culture. We have put in place a compliance and business ethics training system for all our employees, including but not limited to compliance training for new recruits, integrity and compliance training for functional employees, and promotion of the Code of Conduct for suppliers. These efforts are aimed at persistently enhancing the awareness of compliance and anti-corruption among all our employees, thereby preventing incidents of corruption, fraud, and other regulatory violations.

|   |   |   |
|---|---|---|
| <p>During the reporting period, Yuwell Medical delivered</p> <h1>3</h1> <p>special training sessions on compliance and business ethics.</p> | <p>Training coverage of sensitive and important positions</p> <h1>100%</h1> |  |
|---|---|---|

### Case

## Domestic Marketing Center Division Conducts "Clean Environment Campaign"

In December 2023, Yuwell Medical's Domestic Marketing Center Division launched the "Clean Environment Campaign," designed to enhance the integrity and anti-corruption awareness of marketing staff. The campaign reinforced the compliance requirements for business interactions between marketing employees and distributors, clarified the Company's guidelines on monetary-related economic activities, and highlighted national legal provisions related to crimes like embezzlement and bribery by non-public officials, including sharing relevant case studies. The initiative aimed to strengthen business compliance between the Company's marketing employees and distributors, as well as compliance and legality of the marketing employees' sales behaviors in an all-around way.

## Supply Chain Integrity Management


Yuwell Medical constantly promotes compliance and business ethics management among its partners to collectively build a clean and transparent supply chain. Before entering into an official partnership, we require all suppliers to sign an *Anti-commercial Bribery Statement* and related confidentiality agreements. This policy covers 100% of our key suppliers, including our headquarters suppliers, regular distributors, and logistics partners. We also require our suppliers to comply with national and local laws and regulations, policies and industry standards, and not to commit or tolerate any form of corruption, fraud, extortion or embezzlement, ensuring a fair, transparent and clean environment for cooperation. We maintain a zero-tolerance policy for commercial bribery and will immediately dismiss and permanently bar any employee who violates the relevant regulations. For partners who violate the relevant provisions, we will immediately terminate the partnership and pay liquidated damages upon verification. These efforts have comprehensively strengthened the supervision and control of business ethics in the process of cooperation between the Company's relevant departments and suppliers.

After giving reasonable notice, the Company requests suppliers to cooperate in conducting on-site or unannounced reviews to ensure ongoing monitoring of supply chain compliance and business ethics risks. If any misconduct or violation is found during the review process, we will immediately terminate the cooperation and take strict disciplinary action against the in-house employees. In 2023, the Company conducted reviews on business ethics and anti-corruption for 52 suppliers, and delivered a briefing on the *Anti-commercial Bribery Statement* and whistleblowing channels.

## Standardizing Whistleblowing Management

With a zero-tolerance attitude towards corruption and other behaviors that violate business ethics, Yuwell Medical has formulated the *Yuwell Medical Management System for Whistleblowing*, set up various whistleblowing channels, and encouraged the Company's employees, suppliers, distributors, and other stakeholders to whistleblow openly or anonymously via mail, hotlines, and other methods. We aim to engage all employees, suppliers and partners in a system of supervision of integrity and honesty in the performance of our duties, so as to promptly and effectively address any existing or potential violations of the Company's code of ethics, policies, and laws.

As a dedicated department for handling complaints, the Supervisory Committee reports directly to the Chairman of the Board, ensuring the independence and objectivity of its work in handling and supervising complaints. In the event that the existence of corruption is determined, strict and appropriate measures will be taken in accordance with the severity of the situation. Yuwell Medical promises to keep the personal information of the whistleblower and the provided information strictly confidential, with a dedicated employee handling the clues and documents and managing them strictly based on their classification level. The Company has explicitly stated that the personal information of the whistleblower and details about the handling of the complaint must not be disclosed to the accused or to individuals unrelated to the complaint process. While keeping the confidentiality of the whistleblower's information, the Company is serious about cracking down on any retaliation and will take serious action upon substantiation. In response to any serious threat to the rights and interests of whistleblowers, we will promptly notify the judicial authorities and seek legal action against offenders.

|  |   |
|--|---|
|  <p><b>Channels for Whistleblowing and Complaints</b></p> | <p><b>Mailing address for whistleblowing</b></p> <p>Supervision Department, Yuwell Science and Technology Center, No. 1 East Huanyuan Road, Xuzhuang Software Park, Xuanwu District, Nanjing City, Jiangsu Province</p> |
|  | <p><b>Hotline for whistleblowing</b></p> <p>025-85582701</p>  |
|  | <p><b>E-mail for whistleblowing</b></p> <p>jubao@yuyue.com.cn</p>   |



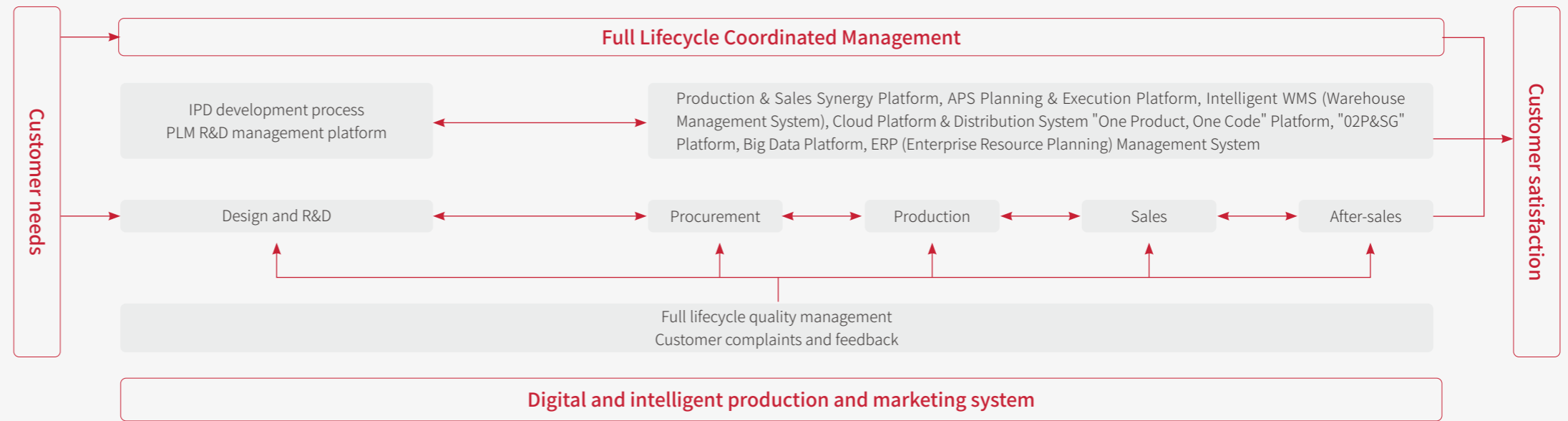
# Full Supply Chain Coordinated Management

## Business Chain Coordinated Management

Customer-centric whole-chain coordinated management is the core strategy of Yuwell Medical's operations. Under this strategy, we employ a customer-oriented approach to integrate customer needs into the entire business chain from product design, R&D, production, and sales to after-sales service. Backed by a well-organized process mechanism and compatible management system, performance indicators, incentive packages, and team building, we exercise stringent product quality and risk management throughout the full product lifecycle. In doing so, we aim to deliver high-quality products that are satisfactory to our customers, enhance our market competitiveness, and lay a solid foundation for the sustainable development of the Company in the long run.

Empowered by automation, digitalization and intelligent technologies, the intelligent manufacturing system of Yuwell Medical applies to all processes from demand planning, R&D and design, raw material sourcing, production execution, warehousing management, logistics and shipping, as well as after-sales service. Driven by a system enhancement system and digitization, we have efficiently connected the front and back ends of our production lines and integrated and optimized the resource allocation of each link. This enables us to put ourselves in the shoes of users to address their fundamental needs for products, and conduct R&D and design geared to a full lifecycle. Based on these, we constantly improve the level of chain-wide synergistic management and lean management to make it possible for interconnectivity and flexible adjustment, so that the Company can deliver more competitive products and services.

### Customer-centric Business Chain Coordinated Management System



| Design | R&D | Procurement | Production | Sales | After-sales |
|--------|-----|-------------|------------|-------|-------------|
|--------|-----|-------------|------------|-------|-------------|

Utilizing the cross-departmental integrated product development system (IPD process), we have created a complete end-to-end design process. In the early stage of product development, we conduct user demand research and pain point analysis, while the user research team conducts offline qualitative research and online quantitative research on real users, delivering the research findings back to the design team. During the functional prototype stage, usability testing is conducted to verify whether the demand points and pain points identified earlier have been resolved in the new design. We then propose improvements for the existing problems, forming a closed loop of product design optimization.

We implement a market-centered design strategy that incorporates all factors of the sales chain into the design process. By fully considering the cost constraints of different product tiers, we ensure an optimal balance in the selection of materials, processes, and components. This approach guarantees a superior user experience while continuously enhancing product competitiveness across the entire value chain.

We bring in product lifecycle management toolkit (PLM system) to further optimize and localize R&D work. We also strengthen the effectiveness of cooperation between R&D and other functional departments to improve the reliability and predictability of R&D projects. The market- and customer-oriented business planning, product planning and other activities enable R&D to be conducted in a manner that aligns as closely as possible with the needs of users. For more information, please refer to the section "Innovation and R&D System" in the chapter "Leading with Innovation: Energizing Life via Technology."

In line with client demand and manufacturing realities, we have implemented centralized procurement and supply chain management to ensure the quality and stability of raw material supplies, providing a strong guarantee for the production process. We have upgraded inventory management technology and set up an intelligent warehouse management system (WMS) to enable real-time inventory tracking and predictive analysis. Such a dynamic management mechanism ensures that the inventory level meets the demand without causing excessive inventories.

We have built a production and marketing synergy platform to achieve interconnectivity among full chains including sales, planning, production, and supply chains. We also follow up on the customer's demand in real-time and build an intelligent production workshop.

We collocate sales information in real-time to enable access to the stream of sales data of Yuwell products, forming a data channel from production to users.

We have established a cross-departmental and fully coordinated user experience optimization mechanism. Focusing on the dimensions of user experience like product experience, logistics experience, and marketing experience, we regularly collect various types of user feedback and routinely generate product experience feedback reports for each category. We also facilitate collaboration among the R&D, product, and marketing departments to improve user experience.

## Digital and Intelligent Transformation

Yuwell Medical is rapidly advancing a comprehensive digital strategy that is structured, forward-thinking, and interconnected. We have developed an omni-process digital application platform and an efficient and flexible digital technology support system, so that digital technologies can be applied to the full business chain synergistic management. We also make use of digitally intelligent aids to constantly improve the service and management of health products, fully stimulate the integration of the digital economy and industry, and vigorously push forward the change of digital operation.

Yuwell Intelligent Manufacturing Factory was recognized as the national **"Intelligent Manufacturing Pilot and Demonstration Factory"** in 2021. It is one of the few national intelligent manufacturing pilot enterprises within the medical device industry.

Yuwell Medical won **1** Masterpiece Award and **1** Bronze Award at the Design Intelligence



### IT (Information Technology)

Our IT strategy enables online business operations, basic statistics and aggregation, error-free data transmission, partially online management, and after-action tracking and feedback.



### DT (Digital Transformation)

Through the DT strategy, we consistently collect real data and enhance the process, display and analyze business issues and make preliminary warnings, helping increase the proportion of self-dependent research platforms.



### BT (Business Transformation)

Supported by our self-dependent R&D platforms across the board, we are able to bridge the data flow between systems, forecast and analyze algorithmic models, and perform operations and iterations on a regular basis.

### Case Yuwell Intelligent Manufacturing Factory

Formed based on the intelligent processing units, production lines, and intelligent testing equipment in the physical workshop, Yuwell Intelligent Manufacturing Factory exchanges data with the virtual workshop through sensors, industrial buses, industrial Ethernet, and other means of linkage. Each type of production line and system in the virtual workshop is equipped with appropriate control and monitoring equipment, enabling end-to-end, intelligent, closed-loop quality management and traceability. This allows product manufacturing to be driven by comprehensive three-dimensional digital design and manufacturing information flow. Yuwell Intelligent Manufacturing Factory consists of six types of flexible production lines, machining and SMT lines, and workshop intelligent three-dimensional warehouses, enabling mixed-line production of multiple varieties, self-diagnosis of faults, alarms for production anomalies, and online data acquisition. In this way, the factory has created a new intelligent and flexible production model that meets the flexible production needs of various models and specifications across different scenarios.

#### Robot-driven Flexible Intelligent Manufacturing Integration System at Machine Processing Workshop

The advanced computer control system, new sensor technology, and intelligent component integration technology have enabled automated loading, processing, and molding of raw materials as well as unloading and warehousing of finished products. Interfaced with the Company's production management software, it allows for real-time coordination and feedback on production scheduling and planning, which greatly improves production efficiency and equipment utilization rate.



#### Intelligent WMS

The intelligent WMS employs advanced PLC-integrated modular auto control technology and is closely integrated with the flexible processing and assembly production lines, which enables the fully automated handling of raw material reception, storage, transportation, processing, operations, and the storage, delivery, production and shipment of finished products.

#### Human-robot Collaboration-driven Flexible Intelligent Production Line at Product Assembly Workshop

It mainly consists of multi-model sensors, human-robot collaborative robots, flexible chain conveyor lines and an auto control system. As a flexible and intelligent operation mode, this system allows all equipment to communicate with the control system of the upper production line, thereby significantly improving the production efficiency and product quality.





# Sustainable Supply Chain

## Supplier Full Lifecycle Management

A high-quality, resilient and sustainable supply chain is crucial to the sound development of the Company. Yuwell Medical strictly abides by the *Bidding Law of the People's Republic of China, Regulation on the Implementation of the Bidding Law of the People's Republic of China*, and other relevant Chinese laws and regulations. Based on these laws and legislations, we have developed internal management systems and processes such as *Supplier Management Control Procedures*, so as to constantly improve the management of the full lifecycle of suppliers and thoroughly regulate the whole process involving supplier selection and admission, evaluation and audit, and exit. This enables a fair, just, and transparent procurement environment within the supply chain. Moreover, we have sustained efforts to optimize our supplier resources, with a view to building a high-quality and resilient supply chain.



### Supplier Selection and Admission

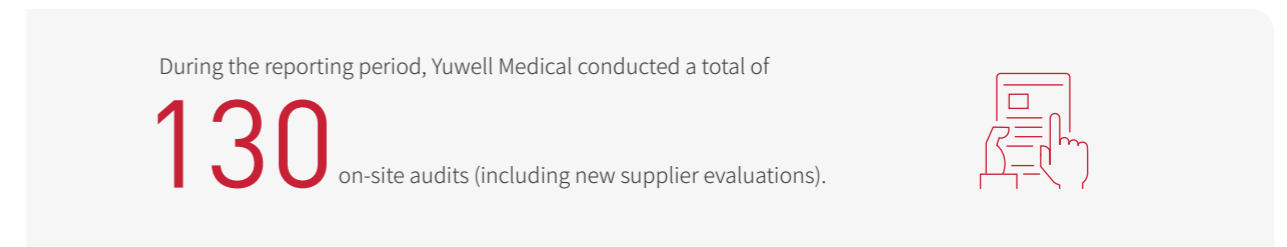
Yuwell Medical constantly develops and introduces high-quality suppliers. We have established multi-dimensional standards for supplier admission, investigating and screening suppliers based on their supply delivery abilities, financial risk capacity, quality assurance, and R&D technical skills. We have also established a cross-departmental collaboration mechanism to conduct a comprehensive evaluation of supplier admissions, effectively incorporating core elements such as financial health, quality systems, and environmental safety into the supplier evaluation system, which ensures that sustainability requirements are integrated into the daily management of our supply chain.

#### Survey Elements for Supplier Selection and Admission

|                                     |  |
|-------------------------------------|--|
| <b>Supply Delivery Abilities</b>    | Occupational health & safety, information security protection, environmental protection, procurement & suppliers, delivery management, warehouse & transportation management |
| <b>Financial Risk Capability</b>    | Asset quality indicators, profitability indicators, internal control management  |
| <b>Quality Assurance Capability</b> | Quality management system, manpower training, equipment management, quality management, supplier management, warehouse management  |
| <b>R&amp;D Technical Skills</b>     | Technological reserve, R&D design, new product introduction, engineering management  |

### Supplier Evaluation & Audit

Yuwell Medical applies categorized and tiered management of suppliers. Depending on the products and services provided by our suppliers, we categorize them into material suppliers, storage and transportation suppliers, IT service providers, etc. Based on this, we have formulated separate management requirements and standards, and defined standard working procedures for supplier selection, auditing, and signing of the *Procurement Framework Agreement*. Following these categorization and tiering principles, we have established a strict annual audit plan for all admitted suppliers, according to which we perform qualification reviews and on-site audits every year, and issue and distribute the *Supplier Evaluation Form*. We undertake regular monitoring and all-round review and appraisal for suppliers in terms of their qualification, fulfillment, product quality management, social and environmental impacts, and so on. According to the audit results, we give feedback on the problems to suppliers in a timely manner, guide and supervise the suppliers to make corrections in response to the problem lists, and assist them to make improvements. To do so, we aim to ensure that suppliers operate their business in a safe and compliant manner.



#### Material Supplier

Suppliers are categorized into A, B and C tiers based on the role of their materials in the final product, the complexity of their integration into the production process, their impact on product quality and safety, and the test results of audit samples.

#### Audit Requirements

- Conduct quarterly supplier performance evaluations and audits to examine the quality of goods they provide. Suppliers that underperform must undertake root cause analysis and corrective and preventive measures.
- Develop a supplier audit plan each year to perform system evaluations on raw material suppliers from the Qualified Supplier Directory, assigning them to A, B, or C grades based on the assessment.
- Suppliers of category A are subject to a system audit every five years. According to the annual audit plan, suppliers of categories B and C will receive a Supplier Review Form for self-review and written evaluation, with on-site audits conducted when necessary.

### Supplier Exit Mechanism

Yuwell Medical has set up a supplier exit mechanism at each stage of the supplier management process to strictly regulate the performance of suppliers. After the selection and admission process, we conduct trial-production evaluations of the materials provided by the new suppliers, and eliminate those suppliers who fail in trial-production three times. At the annual audit stage, suppliers of category B are required to make improvements within a specified time frame. Those suppliers who remain unqualified after the re-audit will be disqualified. For suppliers of category C, immediate disqualification will be imposed on them. During the quarterly performance evaluations, suppliers who receive a C rating three consecutive times are stripped of their supplier status.

## Supply Chain Risk Control

Yuwell Medical has incorporated sustainability requirements into its supply chain management system. The Company not only focuses on the quality of products and services, but also on the performance of suppliers in labor management, occupational health and safety, integrity and compliance, environmental protection, etc. and issues the *Supplier Social Responsibility Audit Report* upon audit. Every year, we comprehensively identify, carefully assess, closely monitor and effectively control the risks that may arise in the supply chain, including ESG risks. With quality risk as the focal point of management, we constantly improve the ESG management system and strictly control the procurement process and the full lifecycle of suppliers, so as to build a competitive, resilient, and sustainable supply chain.

| Risk Type                | Countermeasures  |
|--------------------------|--|
| Quality Risk             | We clarify quality-related requirements in the <i>Sourcing Framework Agreement</i> and the <i>Freight Transportation Services Contract</i> , and establish a quality information-sharing mechanism with suppliers. To do so, we aim to ensure that both parties can access and share timely information on product quality, delivery progress and other aspects. We conduct regular, relevant audits and reviews of our suppliers and initiate quality training, technical cooperation and exchanges when necessary, in order to strictly control the quality risks at each stage of the process.  |
| Compliance & Ethics Risk | We require all suppliers to sign the <i>Supplier Anti-commercial Bribery Statement</i> , intensify publicity and training, and carry out due diligence and audits on partners depending on the cooperation projects if necessary. For details on supply chain business ethics and anti-corruption management, please refer to the section "Adherence to Business Ethics" in the chapter "Efficient Governance: Marching Towards a New Era of High-Quality Development."  |
| Environmental Risk       | In accordance with the requirements of BSCI and local government departments, we conduct social responsibility audits on suppliers and issue the <i>Supplier Social Responsibility Audit Report</i> , which includes various audit areas such as child labor, forced labor, occupational health and safety, freedom of association and collective bargaining, anti-discrimination, and environmental protection issues. Suppliers who have obtained relevant environmental management and occupational health and safety certifications are given weighted consideration during admission and evaluation processes, which motivates them to strengthen their social responsibility management. |
| Health & Safety Risk     |  |
| Labor Rights Risk        |  |

### Supply Chain Quality Risk Control

Yuwell Medical has established the *Supplier Management Control Procedure* and other internal management systems, specifying quality management requirements for each phase of the entire supply chain lifecycle, thus comprehensively enhancing process quality control. Suppliers must possess professional qualifications for the services or products they provide, maintain a robust quality management system in compliance with current laws and regulations, and are required to sign a *Quality Agreement*.

During the supplier admission process, the Company conducts quality management system audits of suppliers that match the raw material development needs, and only those who meet the scoring criteria are included in the *Qualified Supplier Directory*. We perform quarterly performance evaluations and annual audits on suppliers to verify if they meet the product quality requirements, removing those who do not. During the introduction of new raw materials, we track the trial production process to fully control the quality of new materials. When supplier product quality issues are identified during incoming QC and production, we issue a *CAPA Report* to the suppliers according to the *CAPA Procedure Document*. For suppliers willing to improve, we visit their sites and, based on their actual situation and improvement needs, assist them in developing targeted improvement plans. Through establishing quality management systems, enhancing production process control, and optimizing documents and processes, we ultimately achieve mutual progress and growth.

In addition, we have implemented a supplier audit procedure. Each year, we formulate a supplier audit plan and conduct thorough audits covering aspects such as quality management systems, product design and development, material and supplier management, manufacturing process management, change management, non-conformity control, improvement and after-sales, as well as hazardous substance management. We ensure product quality and safety through closed-loop management that includes supplier audits, incoming inspections, performance evaluations, and continuous improvement. The Quality Department and other relevant departments review and analyze the supplier quality audits and evaluations, implement corrective actions and secondary acceptance for issues identified during audits, and provide quality training, targeted guidance, technical cooperation, and support to suppliers as necessary. We work together to promote quality improvement and ensure suppliers take measures to resolve issues within a reasonable timeframe to meet company standards. In 2023, no suppliers were found to have any significant quality issues.

### Product Quality Control

| Incoming Material Inspection Data  | Finished Product First-Time Pass Rate  | Handling of Process Quality Issue Management   |
|--|--|--|
| <ul style="list-style-type: none"> <li>According to the requirements of drawings and technical specifications, the Quality Department of the Company carries out inspections on the appearance, size and performance of new materials. For the new materials, the Quality Department of the Company requires the suppliers to furnish quality assurance certificates, shipment inspection reports, type test reports, etc., and warehouse them in the SAP system after they are qualified.</li> <li>We collect and analyze the data on the suppliers' incoming material inspections and tests every month, which includes the number of received batches, returned batches, the QC pass rate, and the causes of defects. This process aims to facilitate the traceability of material information and the smooth progress of the suppliers' continuous improvement efforts.</li> </ul> | <ul style="list-style-type: none"> <li>In accordance with the product inspection documents and the technical specifications of the product, we carry out finished product testing and safety testing to ensure that the released products comply with the technical specifications, market regulatory requirements and legal and regulatory provisions. We also formulate a product review plan, carry out sampling and testing of the finished products from the perspectives of the customer's use end and market regulation, and conduct special tracking and correction for the problems found by sampling and testing.</li> </ul> | <ul style="list-style-type: none"> <li>The SQE tracks and addresses the quality problems of suppliers found in the production process and issues CAPA reports to monitor the progress of quality improvements. For suppliers with frequent or major quality problems, the SQE engages in and follows up on the development of special quality improvement programs.</li> </ul> |



## Enhancing Supply Chain Resilience

Amid an increasingly complex global market environment and evolving business demands, the stability and continuity of the supply chain are crucial to a company's operations, production, and customer satisfaction. Yuwell Medical consistently refines its supply chain structure, achieving supplier diversification and multi-channel sourcing. In response to potential supply chain disruptions, price increases, and unexpected events, we have further enhanced our preventive controls to strengthen supply chain resilience. Throughout the reporting period, Yuwell Medical maintained a stable supply, ensuring that no shortages of raw materials disrupted the normal production schedule.

### Diversified Supply Strategy

To ensure the security of the supply system, Yuwell Medical has broadened its supplier network, established secondary supply resources, and implemented a supplier rotation mechanism. This strategy reduces reliance on any single supplier or region, thereby mitigating the risks associated with exclusive supply arrangements. For key bulk materials in categories A and B, there are no fewer than two backup suppliers, and for other material categories, at least one backup supplier is available. We prioritize strategic collaboration and maintenance with suppliers of monopoly and bottleneck materials and are dedicated to developing alternatives for secondary resources. Should the main supplier be unable to supply materials due to special circumstances, a standby supplier can immediately step in, reducing the risk of single-source supply and ensuring the stability of raw material availability.

### Digital Supply Chain Management

Utilizing advanced supply chain management systems and digitalization, we achieve real-time tracking and oversight of the supply chain, ensuring transparency across all segments, especially for high and medium-risk materials that require targeted tracking. Through data analysis and forecasting, we promptly identify and address potential issues, reducing the risk of supply chain disruptions. Additionally, the Company has upgraded its inventory management technologies, such as real-time inventory tracking and predictive analysis, to maintain inventory levels that meet demand without causing excessive stockpiling, thereby minimizing unnecessary inventory costs and ensuring the ample supply of key materials.

### Strengthening Emergency Response Management

We have established a comprehensive risk assessment mechanism that formulates contingency plans and backup strategies tailored to the severity levels in production activities and the likelihood of supply delays. This includes arrangements for alternative suppliers, transportation routes, and inventory strategies to ensure rapid response and recovery in emergency situations.

### Supply Chain Collaboration and Joint Development

Yuwell Medical strengthens strategic cooperation with reputable key material suppliers to establish long-term, stable relationships, jointly responding to market changes and risk challenges. By optimizing transportation routes, selecting appropriate transportation methods, and forming lasting partnerships with logistics suppliers, Yuwell Medical effectively ensures the safety and stability of its supply chain. We actively engage with suppliers, offering training and focusing on developing small and medium-sized suppliers. We support suppliers facing temporary challenges without compromising the Company's interests, helping to enhance their production capabilities and the quality of their supplies, thereby boosting the overall competitiveness of the supply chain. We maintain multi-dimensional dialogue and exchanges with suppliers, keeping abreast of production demands, product quality, and policy interpretations, and fostering mutual growth with an open and collaborative mindset.

During the reporting period, Yuwell Medical conducted a total of

**15** supplier training sessions.

## Information Security and Privacy Protection

### Data Acquisition and Application Security

Yuwell Medical strictly complies with the *Personal Information Protection Law of the People's Republic of China* and other applicable privacy protection laws and regulations in its operational regions. Adhering to the principles of "legality, authorization, and confidentiality" in privacy protection, we have incorporated data privacy into our compliance management, rapidly improved our privacy data management system covering various product data types, and ensured transparency in the collection and use of product and service data. Additionally, the Company actively participated in developing industry standards related to data security in the medical sector to promote the standardization, safety, and efficient use of medical data. During the reporting period, Yuwell Medical completed and submitted the *Home Medical Device Data Collection and Application Standard* for review.

#### Yuwell Medical's Privacy Protection Principles



- When collecting, storing, processing, transporting and using personal data, we comply with laws and regulations and codes of conduct, and consciously safeguard the legitimate rights and interests of data subjects.
- Users are required to ensure that the source of external data is legal and compliant when introducing external data into the Yuwell system or storage space.



- Before accessing personal information, the Company must obtain the *Yuwell Software Service Agreement* signed with the individual's consent, to fully respect their rights to be informed about, access, correct, and delete their personal information.
- We carefully evaluate the need to acquire personal data and avoid receiving or collecting data that is irrelevant to our business functions.
- We protect stakeholders' rights to be informed, choose, and control their personal information, access and use only authorized data, and implement a range of measures to minimize the use of personal information.



- We maintain strict confidentiality of privacy data and do not share, transfer, or disclose users' personal information to any other companies, organizations, or individuals without authorization. We establish appropriate data security capabilities, implement necessary management and technical measures, and regularly check and evaluate the effectiveness of privacy data management and technical measures to prevent data leakage, damage, loss, or tampering.

#### Case Yuwell Medical Leads the Drafting and Submission of the *Home Medical Device Data Collection and Application Standard*

The safety of medical devices is closely related to life and health, and is an important part of the Healthy China Initiative. As the medical sector becomes more intelligent, it is imperative to ensure the safety of data collection and application of household medical devices. In 2023, Yuwell Medical led a series of expert discussions and research initiatives involving several universities, research institutions, and industry leaders. Based on the research findings, the scope and main technical parameters of the *Home Medical Device Data Collection and Application Standard* were defined. The standard's framework and core content were shaped based on relevant national industry documents and data, which establishes comprehensive technical and management guidelines for home medical device data. This standard was successfully submitted for approval. It sets regulations for collecting, transmitting, storing, applying, and securing users' health data, significantly aiding medical institutions, platforms, and medical device businesses in providing robust data support for managing chronic diseases in residents.

## Information Systems and Data Security

Yuwell Medical strictly follows laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. Based on these, we have developed policies, systems and operational procedures, such as the *Information Security Management System*, *Data Security Management System*, *Information Security Risk Assessment Management Measures*, and *Information Security Outsourcing O&M Management Regulation*. We aim to structure a robust information security system to ensure the information security of the Company's information infrastructures, information application systems, products and customers.

We have established a three-tier information security management framework. The Chief Operating Officer is responsible for the overall management of information security, endorsing the information security policy, determining information security requirements, and handling major information security incidents. The IT Leadership Group is responsible for the overall orientation and major decisions of the Company's information security and supervision of the Company's information security work. The Information Management Department is responsible for implementing the relevant requirements and work of information security, guaranteeing the effective operation of the Company's information security operation and maintenance system, and briefing the IT Leadership Group. We have also put in place quantitative information security indexes and reward and punishment mechanisms and incorporated information security protection into employee performance appraisal to strengthen information security management.

Yuwell Medical has obtained **ISO 27001** Information Security Management System certification.

Completion rate of annual IT-specific review of business-critical system privileges

**100%**

Annual information security training sessions

**3**

Information leakage incidents

**0**

Information security training coverage

**100%**



Yuwell Medical, guided by the ISO 27001 Information Security Management System and other relevant standards, laws, and regulations, continuously advances the development of its cybersecurity and information security systems. The Company has established clear policies and procedures for information security management, data control, risk assessment, emergency response plans for network and information security incidents, and information security training. We strictly regulate employee behavior in areas such as cybersecurity, operations management, server room management, system changes, and data backup. Technically, we employ various measures including network isolation, encryption protection, audit tracking, early warning mechanisms, and antivirus software to establish an information security protection network. Additionally, we have intensified our information and data security training and regular audits to comprehensively enhance our information security level.

### Data Backup and Recovery

We have defined clear requirements and measures for data backup, extraction, usage, and disposal to ensure rapid recovery in case of data loss or damage. Additionally, we utilize cloud services and NAS for scheduled full and incremental backups, effectively preventing data loss.

### Information Security Awareness Training

We persistently promote the establishment of an information security culture by including information security in the induction training courses for new employees to ensure that new employees understand the risks and basic requirements of information security related to their work. At the same time, we carry out information security announcements and spot checks from time to time, and call on employees to pay attention to the safeguarding of information security in their daily work process. For example, employees are required to lock the screen of their PCs when they leave their posts, and identify information security documents and differentiate their confidentiality levels. During the reporting period, Yuwell Medical organized a total of three information security training sessions, with an impressive 100% employee coverage.



On-site information security training

### Strengthening Controls

We regulate data security from three key aspects: database management, data encryption, and data backup and recovery. Based on the value of the information, content sensitivity, and access scope, all company information is classified into four levels, including top secret and secret. This tiered security protection system ensures the proper flow and transfer of information within the company, preventing unauthorized access to sensitive data. We enhance graded control and access management by employing intelligent encryption and tiered protection measures through an encrypted document management system, comprehensively establishing a data security protection framework.

### Information Security Audit

We have established an information security control and review mechanism in line with our business characteristics. We monitor the risks in the construction and operation of the Company's information security system and propose mitigation and resolution measures to ensure business continuity and asset security. We engage third-party organizations to audit the Company's information security system and issue the *Information System Audit Report*. During the reporting period, the Company conducted special audits on five major areas: user access management, system development, system changes, logical access, and other general controls.

### Supplier Information Security Management

The protection of customer information security is included in the scope of investigation during the supplier admission and evaluation, and confidentiality-related clauses are stipulated in the *Sourcing Framework Agreement*. This enhances suppliers' awareness of information security and ensures that the Company's confidential information and associated data remain undisclosed.

### Emergency Response Management

We keep improving the *Cybersecurity Emergency Response Plan* and set up a technical platform for early warning and emergency response, so as to improve our ability to detect and analyze security incidents. We also strengthen the management and handling of information security emergencies to ensure that the Company's information security is safeguarded in a timely and effective manner.



# Leading Through Innovation: Energizing Life via Technology

Annual R&D investment: RMB

**504.3712** million

Yuwell health products covered by digital health services

**200,000** units

Product recalls in 2023

**0**



## Driving the Future through Innovation

Yuwell Medical is committed to leading industry development through innovation and enhancing the health of millions of families. Adopting a new strategy of "reshaping medical devices through innovation," the Company considers R&D as its central driving force for growth. It continuously explores innovative pathways and substantially increases investments in new product development, proactively responding to the trend in the medical and health industry towards more smart, precise, advanced, and international solutions. With its focus on technological innovation, Yuwell Medical aims to advance the industry and deliver high-value medical solutions to society.

### Innovation and R&D System

In line with domestic and international laws, technical guidelines, professional industry standards, and international norms, Yuwell Medical has established comprehensive management systems for innovation and R&D. These include the *R&D Management System*, *Yuwell Medical R&D Cost Collection and Accounting Management Methods*, and *Technology Achievements and Innovation Rewards and Discipline Methods*. These frameworks specify requirements and standards for project initiation, project management, transition management, succession management, outcome management, and reward mechanisms. Utilizing cross-departmental integrated product development (IPD process) and product lifecycle management tools (PLM system), Yuwell Medical accelerates the cultivation and development of new productive forces and bolsters its core industrial competitiveness. Upholding the principle of "doing the right thing in the right way," the Company adheres to ethical standards in science and technology, fosters a culture of social responsibility, and centers its innovations on market and customer needs. By focusing on key technologies and maintaining superior quality, Yuwell Medical commits to not developing or employing any scientific and technological advancements that could harm the natural environment, human health, public safety, or ethical standards. Through its development of innovative, applicable new products, technologies, and processes, the Company makes a positive impact on driving social progress.

#### Innovation and R&D Team

Yuwell Medical firmly believes that talent is the cornerstone of technological innovation. We focus on cultivating a team of innovative, practical, highly qualified, and team-oriented R&D engineers and managers. To support this, we have implemented several institutional norms including the *R&D Center Tutoring Management System*, *Yuwell Medical High-Potential Talent Development Management Measures*, *Research Personnel Continuing Education Management System*, and *Technology Achievements and Innovation Reward and Discipline Methods*. We recruit exceptional talents globally and continually refine management mechanisms that foster the growth of scientific research talents. We intensify the development of high-end scientific and technological talents, place emphasis on training strategic R&D management talents, and promote long-term incentive plans for core talents to unlock the potential of our scientific and technological workforce.

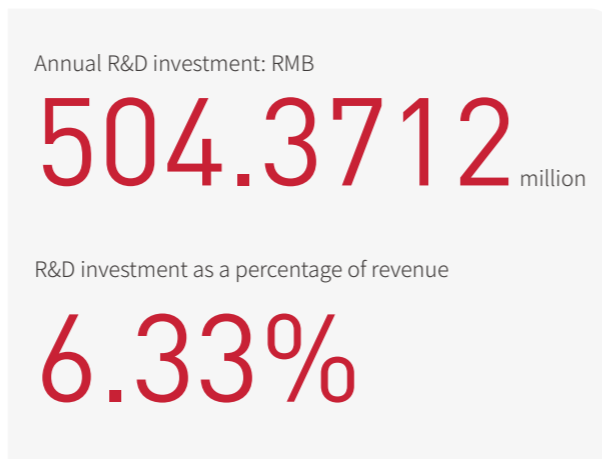
The Company routinely organizes internal training sessions and exchanges for various R&D team modules. By facilitating both internal and external training, seminars, and other forms of technical exchanges and lectures, we enable our employees to master cutting-edge technologies and stay abreast of industry trends. We also engage external industry experts as R&D consultants, facilitating resource sharing and synergy, which enhances our technical prowess and supports the independent R&D of innovative core technologies. Moreover, the Company actively engages in various technological innovation activities, cultivating a culture of innovation that encourages experimentation and accepts failure, thereby helping employees remain in a state of continuous innovation and development.







#### Technological Innovation Platform




Yuwell Medical has established R&D centers and innovation institutes, creating high-level, open-ended technological innovation platforms and comprehensive innovation systems. We proactively integrate the scientific and technological resources of domestic and foreign

research institutions and universities. Through independent and collaborative R&D, we engage in technological innovation research and tackle key technological challenges. The Company possesses multiple internationally leading R&D technology platforms, which enhance the development of new products and the technological upgrading of existing products, facilitate product enhancements and rapid iterations, and further improve manufacturing processes and quality control. With innovation as our driving force, we are accelerating leadership in industry development. Yuwell Medical has established R&D centers in locations including Germany, Shanghai, Nanjing, Suzhou, Danyang, Xizang, and Shenzhen, creating an extensive global R&D network. Leveraging our advanced R&D capabilities and precise technical skills, we actively seek collaboration with high-level third parties to jointly develop innovation centers and R&D bases for new businesses and products, as well as platforms for talent development, thereby laying a solid foundation for the Company's ongoing innovation.

With a deep foundation in R&D technology, Yuwell Medical undertakes research on critical and challenging industry technologies, achieving a series of internationally advanced innovations, patents, and standards with independent intellectual property rights. We host multiple national, ministerial, and provincial-level scientific research and innovation platforms, such as the national enterprise technology center, national industrial design center, and national postdoctoral scientific research workstation. We have consistently participated in national key R&D projects, major national technological equipment research projects, and Jiangsu provincial scientific and technological achievements transformation projects, among other significant national and provincial initiatives.



|   |   |  |
|---|---|--|
| <br>Fluid Simulation Technology Platform | <br>Motor Drive Technology Platform                    | <br>Compressor R&D Application Platform         |
| <br>New Material Technology Platform     | <br>Advanced Anti-HCT Interference Technology Platform | <br>Micro-nano Laboratory MEMS Process Platform |

|  |   |  |   |
|--|---|--|---|
| Recognized as a<br><b>National High-tech Enterprise</b>                                |  | Received<br><b>4</b> national-level awards for scientific and technological innovation   |  |
| Participated in the development of<br><b>4</b> national and industry standards in 2023 |  | Received<br><b>4</b> provincial-level awards for scientific and technological innovation |   |

Note: The statistics are based on Yuwell Medical's parent company.

### Case Advanced Anti-HCT Interference Technology Platform

Yuwell Medical's POCTech BGM R&D team has leveraged electrochemical multipulse signals and multiparameter big data regression analysis to develop a universal algorithm for electrochemical monitoring systems—the Anti-HCT Interference Correction Algorithm. This algorithm significantly enhances the accuracy of our product system and offers versatility and scalability. It is applicable to all types of people, including special groups such as newborns and pregnant women. It enables chronic disease patients to monitor their conditions more effectively, enhancing our competitiveness against top-tier global products.



Yuwell Medical maintains a continuous focus on and deepens its research in innovative medical products, major diseases, and chronic illnesses. Relying on its R&D centers and innovation institutes, the Company has developed multiple products, thus creating a more rational and enriched product R&D pipeline.

**Case** Comprehensive Upgrade of High-Flow Humidified Respiratory Therapy Device for Use Across All Departments

In 2023, dedicated to alleviating patient suffering, Yuwell Medical explored more scientific and comfortable respiratory treatment solutions for acute and chronic respiratory diseases such as tuberculosis, asthma, and chronic obstructive pulmonary disease. The high-flow humidified respiratory therapy device underwent upgrades in six key areas: mode, flow, functionality, monitoring, user experience, and accessories. These enhancements enabled full departmental coverage and raised clinical treatment standards. Breakthroughs in high-precision steady-stream flow sensor technology were achieved, addressing current issues with respiratory parameter monitoring errors in gas flow and pressure in high-flow humidified respiratory therapy devices. By optimizing intelligent algorithms, the device's capability to process minute respiratory parameters was further enhanced. Self-regulating technology for oxygen concentration and flow was developed, facilitating easy adjustments to mixed oxygen gas levels and flow. Advancements were made in heating and humidifying technology based on convective circulation structures, significantly improving the temperature and humidity treatment efficiency and control precision of high-flow humidifiers.



**Industry-Academia-Research Collaboration**

Engaging in multi-disciplinary industry-academia-research collaboration is a crucial driver of technological innovation at Yuwell Medical. The Company has established *Industry-Academia-Research Collaboration Management Measures* and actively collaborates with universities and research institutions to complement each other's strengths, jointly address clinical pain points, and enhance the diagnostic and treatment technology level of medical devices. This effort supports high-quality development in healthcare. By the end of the reporting period, Yuwell Medical had engaged in industry-academia-research collaborations with multiple institutions, including Nanjing University of Posts and Telecommunications, Beijing Institute of Technology, Shanghai Jiao Tong University, the University of Shanghai for Science and Technology, Sichuan University, and Nanjing University.

**Case** Thousand Experts Yuwell Initiative

As a novel respiratory support technology, high-flow nasal oxygen therapy is increasingly gaining attention from clinical experts and is widely used in intensive care units (ICU), emergency departments, cardiothoracic surgery, pediatrics, and other departments. In October 2023, Yuwell Medical hosted the 11th session of the "Thousand Experts Yuwell Initiative" at the Yuwell global industrialization base, focusing on the clinical application of high-flow nasal oxygen therapy in emergency and critical care anesthesia. By the end of the reporting period, the "Thousand Experts Yuwell Initiative" series of conferences had covered 9 provinces and regions nationwide, involving over 110 hospitals.

**Intellectual Property Protection**

Yuwell Medical rigorously adheres to the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, and other relevant laws and regulations. The Company has instituted a robust set of management practices, including the *Intellectual Property Management System of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd.* These measures are designed to fortify the management of intellectual property and R&D achievements, thus preventing the loss of intangible assets and fostering employee innovation and creative endeavors.

To manage intellectual property affairs, the Company has established both a Legal Affairs Department and an Intellectual Property Department, staffed with specialists dedicated to intellectual property management. This framework ensures a professional, comprehensive, and mature intellectual property management system. Yuwell Medical prioritizes raising awareness of intellectual property rights among its employees through regular training sessions. These sessions aim to help employees grasp the significance of intellectual property and to implement effective strategies for its application and protection within their work. Furthermore, the Company actively manages and promotes patent applications to preserve its operational autonomy and competitive edge in the marketplace. Yuwell Medical not only protects its own intellectual property rights but also respects those of others, committing to avoid any infringement. The Company enhances patent risk management and strictly adheres to confidentiality obligations during technical collaborations, thus supporting fair competition and the healthy growth of the market. As of the end of the reporting period, Yuwell Medical had filed 132 trademark applications with trademark offices both domestically and internationally and conducted 4 intellectual property training sessions, extensively covering its R&D personnel.



**Advancing in Smart Healthcare**

Yuwell Medical is deeply invested in the realm of smart healthcare, with a focus on digitally developing key products and engaging in R&D activities involving "professional medical software products + algorithms + IoT." The Company seamlessly integrates traditional medical product services with information technology, establishes data standards for medical devices, and constructs open, empowering platforms to generate health data records for individuals and families. It empowers partners by offering comprehensive business services to various enterprises, organizations, and partners that meet entry requirements, thereby cultivating a digital medical service ecosystem.



## Digital Health Services

Yuwell health products covered by digital health services:

**200,000**  
units

Yuwell Medical actively upholds the service philosophy that "proactively managing health is the best guarantee for enhancing the quality of life," dedicating itself to providing users with efficient, convenient, and personalized health management services. The Company establishes digital service development goals, constructs a comprehensive digital service architecture, and continually enhances its digital service system and end-to-end customer service solutions. Leveraging data-driven management, structured accumulation, and intelligent risk control, the Company consistently expands its portfolio of digital medical device products and pushes the boundaries of digital health services to improve service quality, enabling more people to lead healthier, more meaningful lives. During the reporting period, Yuwell Medical achieved its digital service construction goals for foundational systems, developed IVR voice robots, and established a unified work order platform, a smart knowledge base, and a user operations management platform, thus creating a "smarter" health service system that better analyzes user needs, matches solutions to those needs, and provides feedback for design and production.

### Establishing Digital Platforms

We have established a digital management platform that integrates data collection, analysis, and the creation and implementation of personalized plans. Through the Yuwell Health Manager App, Yuwell Member Center Applet, and Yuwell Respiratory Manager Applet, users can clearly understand their blood sugar levels, blood pressure, oxygen intake duration, and sleep respiratory quality, facilitating easy health management with personalized health management and consultation plans.

### Integrating Medical Resources

We have collaborated with medical institutions, insurance companies, and pharmacies to offer users comprehensive health management and services.

### Strengthening User Education

Through smart platforms, we have provided users with health-related education and management knowledge, enhancing their self-management capabilities and their understanding of and compliance with disease management.

### Enhancing Personalized Services

Based on user outcomes and feedback, we have continually optimized management plans to enhance personalization. By analyzing and predicting trends in physiological indicators, we make timely adjustments to treatment plans and lifestyle recommendations.

### Case Yuwell Health Manager Platform

The "Yuwell Health Manager Platform" is an innovative health management platform developed by Yuwell Medical for household medical devices. It supports a range of medical devices developed by the Company, including blood pressure monitors, glucose meters, pulse oximeters, respirators, thermometers, and more. By utilizing technologies such as Bluetooth and 4G to connect with mobile phones, it enables real-time monitoring and recording of device data, health data management, and sharing. Users can gain a comprehensive understanding of their own or their family members' health data, while the platform can promptly identify potential issues, provide personalized health advice, offer accurate health management plans, and remote health follow-ups. This helps prevent and delay the occurrence and development of chronic diseases and their complications, assisting users in achieving self-health management and control. In the future, Yuwell Medical will expand the application of digital therapy to a broader market, including extending to the management of other chronic diseases and elderly health management.

### Case Launch of New CGM Product Anytime

Traditional diabetes monitoring tools require daily finger pricks and are inconvenient to carry. Addressing this pain point, Yuwell Medical has adopted cutting-edge global practices to develop Anytime, a new continuous glucose monitoring (CGM) system product, which was launched in 2023. Anytime constantly monitors glucose levels subcutaneously for 24 hours through sensors, enabling real-time blood sugar dynamic monitoring without calibration. This can significantly reduce users' discomfort and the risk of infection. Anytime also provides comprehensive report interpretation and sharing, helping doctors and patients adjust blood sugar management strategies in a timely manner, thus offering a new solution for diabetes management.





## Smart Healthcare Ecosystem

Guided by customer needs, Yuwell Medical empowers partners across multiple scenarios to provide smart healthcare closed-loop services to various enterprises, organizations, and partners that meet entry requirements, creating a digital medical service ecosystem that enables more people to enjoy innovative and high-quality medical services.

To jointly create a favorable smart healthcare ecosystem, it is essential to ensure the security, supervisability, stability, and consistency of digital medical product data collection. Yuwell Medical strictly complies with the requirements of relevant domestic laws and regulations regarding privacy protection, including the *Personal Information Protection Law of the People's Republic of China*, as well as other applicable privacy protection laws and regulations in the regions where it operates. By proactively participating in the formulation of industry standards related to medical data security, the Company promotes standardized, secure, and efficient utilization of medical data. For detailed information, refer to the section "Data Acquisition and Application Security" in the chapter "Efficient Governance: Marching Towards a New Era of High-Quality Development" in this report.

### Empowering Hospitals: Extending Out-of-Hospital Medical Ecosystem to Form a Closed-loop Service



By aggregating data from household medical devices and creating personal health records for users, we establish connections with large public hospitals, community hospitals, and internet hospitals to achieve remote diagnosis, health monitoring, and remote intervention for chronic disease patients. Combining data with internet medical services can make hospitals more efficient and lower costs, enabling patients to achieve long-term home health intervention and chronic disease management.

### Empowering Pharmacies: Creating a New Closed-loop of "Medical-Pharmaceutical-Services"



Through an open data platform, we jointly build personal/family health records with OTC pharmacies, combining patients' medication and device usage to provide periodic, targeted customized services. This forms a combination mode of "pharmaceutical + health service + health care service," enhancing the service capabilities of pharmacies.

### Empowering General Healthcare Institutions: Providing Health Intervention and Management Services



Through an open data platform, we aid community hospitals in establishing personal/family health records for users, achieve data interoperability with relevant tiered diagnosis and treatment hospitals, and thus promote the closed-loop intervention and management of chronic disease residents in the covered area.

#### Case

#### Yuwell Medical Platform Certified to EU MDR Standard

In 2023, the Positive Airway Pressure Units Webpage Information System developed by Yuwell Medical was certified under the EU Medical Device Regulation (MDR) standard. This groundbreaking platform, the first worldwide to receive such certification for home medical devices, enables the effective management of users' personal and treatment data by distributors and doctors. At the end of each respirator usage cycle, essential data including usage duration, device leakage, pressure, Apnea-Hypopnea Index (AHI), blood oxygen levels, and pulse rate, is uploaded to the management system via communication modules. This feature facilitates sophisticated data analysis, enhancing health management for users.

## Commitment to Uphold Quality

### Accessible High-Quality Healthcare

Yuwell Medical remains committed to the principle of leading industry development through innovation and enhancing the health of millions of families. Innovation serves as the cornerstone of its development and superior products as the benchmark. The Company expands its presence in underdeveloped countries and regions, accelerates the development of high-quality inclusive products, and enhances the design of intelligent and user-friendly products. By ensuring quality through lean management, enhancing product affordability, and implementing fair pricing policies, these efforts are aimed at making high-quality healthcare more accessible.

#### Human-Centered and Inclusive Design

By adopting a user-centric and inclusive design philosophy, the Company addresses the specific challenges and requirements of its users, particularly patients, the elderly, and other vulnerable groups. This approach simplifies the product interface, making devices more user-friendly and accessible.



- The font size on product screens is adjustable to accommodate the needs of elderly users.
- Blood glucose monitors are designed to be modular and rechargeable, shifting from disposable to reusable.
- For the visually impaired, products feature voice broadcasting and backlight designs.

#### Intelligent User-Friendly Products

Yuwell Medical keeps investing in its core capabilities, developing and producing a range of digital and smart flagship products. These innovations result in smarter, more convenient, and elegantly designed products across various lines. Active efforts are made to improve usability and lower the barriers to entry, aiming to "enhance the health of millions of families" with higher-quality, cost-effective, and sustainable products.

Advancing in the smart healthcare sector and focusing on the digital construction of key products, Yuwell Medical sets standards for medical device data and develops an open, empowering platform for personal and family health record management. By supporting partners in creating a digital healthcare service ecosystem, the Company is dedicated to offering innovative, high-quality, and accessible medical services to a broader audience. For further information, refer to the section "Advancing in Smart Healthcare" in this report.

#### Enhancing Product Affordability

Adhering to the World Health Organization's guidelines for "fair pricing," Yuwell Medical employs a value-based, transparent, and fair pricing strategy. This approach ensures product quality while reflecting affordability. The Company explores more sustainable pricing models in different markets to ensure the effective implementation of pricing policies, transparency in pricing, and accessibility of products. This endeavor enables our innovative products to reach a wider population in underprivileged regions.

#### Improving Public Healthcare Standards

Yuwell Medical regularly conducts training for the professional use of medical devices and sets up incentive funds to support grassroots doctors in their research efforts, thus enhancing primary healthcare services.

The Company maintains a focus on the healthcare development of grassroots and underserved areas by participating in health-related public welfare activities, promoting health education, donating medical equipment, and fulfilling its social responsibilities. These efforts expand the reach of high-quality medical resources and benefit an increasing number of patients. More details on these health initiatives can be found in the section "Safeguarding Life and Health" in the Chapter "Talent-oriented: Achieving the Value of Life."

Training for pharmacy staff



Guiding the use of medical equipment in community activities



**Case** Innovative Technology Boosts Sleep Health

As obesity rates and aging populations increase worldwide, Obstructive Sleep Apnea (OSA) has emerged as a major global public health challenge. In China alone, the number of OSA patients has reached 176 million. However, the diagnosis rate remains at merely about 1%, with very few patients continuing treatment after their initial diagnosis. In response to this critical issue, Yuwell Medical has leveraged its advanced respiratory technology to develop the third-generation sleep respirator, marking significant advancements in technology, comfort, and intelligence. This innovation offers new possibilities for restoring normal sleep patterns in OSA patients.

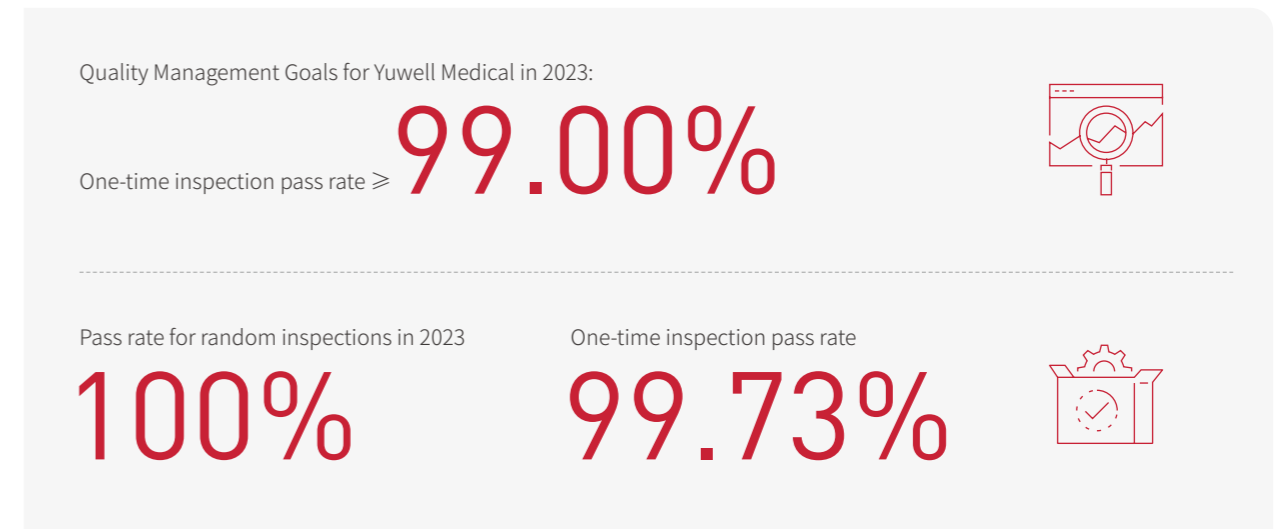
The third-generation sleep respirator features an innovative integrated airway and a low-noise, high-efficiency fan, ensuring stable flow and pressure while minimizing noise for a smoother breathing experience. It incorporates a novel algorithm that automatically detects a broader range of sleep events, tailoring personalized treatment plans accordingly. The machine also includes a 15mm narrow-diameter intelligent heated tube, employing advanced temperature control technology to minimize condensation and enhance the warmth and comfort of the breathing experience. Equipped with a built-in 4G IoT module, the device allows for automatic uploading of sleep reports to the WeChat applet, enabling patients to easily access daily treatment outcomes and share their sleep reports instantly, facilitating remote monitoring and guidance. This system allows doctors to quickly assess treatment progress and sleep quality without the need for frequent hospital visits, thereby providing patients with timely and effective treatment.

Since 2012, Yuwell Medical has dedicated itself to the independent development of domestically produced sleep respirators. Recognizing the challenges in developing respirators, particularly the absence of a central monitoring system and an IoT framework at the clinical and medical consortium levels, the Company initiated a "hospital-enterprise model." This approach fosters collaboration with numerous domestic hospitals and experts to devise effective solutions. Additionally, we have established eight sleep IoT centers to deliver personalized sleep therapy. Through extensive clinical trials, these centers gather ample training samples for user sleep breathing tests, ultimately delivering comprehensive diagnostic and treatment solutions for OSA patients.



**Product Quality and Safety**

Superior product quality is fundamental to a company's continued success. Yuwell Medical consistently prioritizes the production of high-quality, reliable products, adhering to both domestic and international regulatory standards. This includes compliance with the *Product Quality Law of the People's Republic of China*, *Regulations for the Supervision and Administration of Medical Devices*, and *Medical Equipment Production Quality Management Specification*. We have implemented comprehensive quality management procedures, such as *Quality Manual and Document Control Procedures*, to establish high-standard lifecycle-spanning quality and risk management systems. Yuwell Medical has obtained ISO 9001 and ISO 13485 certifications, and its key products are approved by the US FDA, EU CE, and South Korean KGMP. We meticulously oversee every facet of our quality management system, fostering a culture of quality awareness among all staff members. Through annual internal and external audits, as well as management reviews, we ensure the continuous improvement of our quality management system.



**Product Certifications**

EU Medical Device Conformité Européenne (CE) Certification<sup>1</sup>

**45** valid registrations for Class II and III medical devices in China

**23** valid records for Class I medical device filings in China

**Quality Management System Certifications**

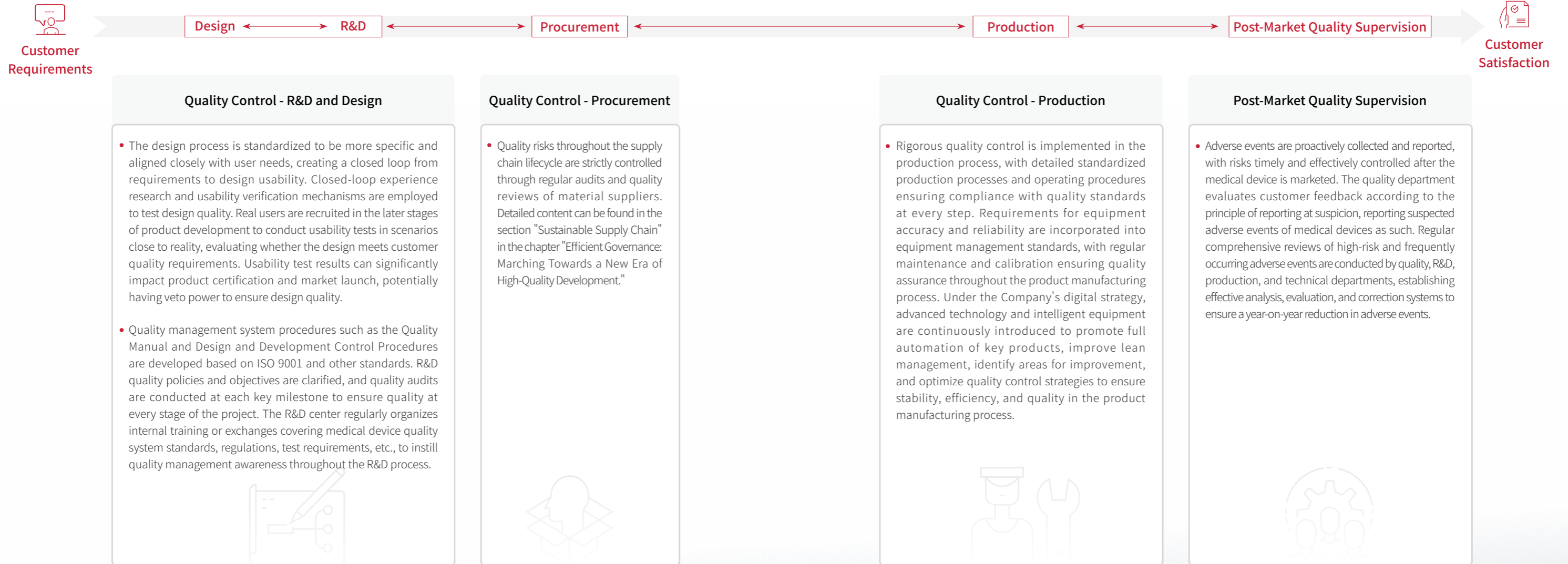
**100%** of main products have passed ISO 9001 Quality Management System certification

Yuwell Medical has obtained ISO 13485 Medical Device Quality Management System certification  
 Passed the audit under the Medical Device Single Audit Program (MDSAP)  
 Certified by the China Certification Committee for Medical Devices (CMD)

Note 1: EU Medical Device CE certification encompasses the Medical Device Regulation (MDR) certification, In Vitro Diagnostic Devices Regulation (IVDR) certification, Medical Device Directive (MDD) product certification, and In Vitro Diagnostic Medical Devices Directive (IVDD) product certification.



## End-to-End Lifecycle Quality Management





### Advanced Quality Inspection System

Yuwell Medical has established a well-structured and efficiently operated laboratory system. The Product Safety Laboratory has obtained accreditation from the China National Accreditation Service for Conformity Assessment (CNAS), along with certifications such as ISO 17025 Laboratory Accreditation, CTF Laboratory Accreditation, and UL Witness Laboratory Accreditation. Furthermore, it regularly engages in training, activities, and audits conducted by various domestic and international third-party organizations, ensuring that its laboratory testing capabilities match those of the industry's leading laboratories, thereby constantly safeguarding the quality safety of the Company's products.

The Company has developed rigorous specifications, including the *Incoming Inspection Control Procedure*, *Process Inspection and Finished Product Inspection Control Procedure*, and *Non-conforming Product Control Procedure*. It performs comprehensive internal testing on every batch of products following the medical device product quality standards, ensuring meticulous quality control from the entry of raw materials to product shipment, effectively mitigating potential safety and quality issues. Beyond internal testing, the laboratory facilitates product compliance with safety, electromagnetic compatibility, environmental, and noise tests according to standards. For portable oxygen concentrators, when product standards are modified or new models are introduced, samples are sent to third-party testing institutions. Mass production proceeds only after the safety and reliability of the products are verified, maintaining a 100% pass rate for product inspections.

### Stringent Quality Audits

To ensure the effective operation of the quality system, Yuwell Medical routinely conducts internal and external audits across all business lines. The Company performs annual internal audits of the quality management system, assessing various products against applicable laws, regulations, and standards. It also hosts annual audits by external third parties and accepts audits from domestic and international regulatory bodies and partners, continuously improving the quality management system's integrity and effectiveness.

In 2023, Yuwell Medical underwent 37 quality management system audits conducted by government regulatory agencies and external audit organizations, achieving a 100% pass rate. This included 11 audits by third-party certification bodies, 7 audits pertaining to medical device production quality management standards, 1 drug regulatory review, 1 audit of epidemic prevention materials supervision, and 17 second-party audits (customer factory audits). Additionally, 23 of Yuwell Medical's products were randomly inspected by government regulatory agencies, all passing inspection.



### Comprehensive Quality Culture Building

Yuwell Medical is committed to fostering the involvement of all employees in quality management by establishing a diverse and comprehensive quality course training system, significantly enhancing each employee's quality awareness and knowledge. The Company creates an annual quality training plan for all employees and rigorously implements a range of quality-related training sessions based on this plan. This includes but not limited to medical device quality system standards and regulations training, specialized quality training, and more. In the reported period, Yuwell Medical conducted 65 quality training sessions as per the annual plan, reaching 100% of its employees. Training topics included medical device quality-related regulations, quality management system education, quality inspection processes, quality risk management, and medical device registration.



### Product Safety Management

Yuwell Medical has developed a comprehensive product recall system and mechanisms in compliance with the *Medical Equipment Production Quality Management Specification* and *The Regulation of Medical Devices Recall Administration*. It has also instituted internal management systems like the *Medical Device Adverse Event Monitoring Management System*. Regular simulated recalls are conducted to validate the effectiveness and scientific validity of the product recall management system.

Yuwell Medical adheres to relevant national and local regulations such as the *Measures for the Management of the Monitoring and Reevaluation of Medical Device Adverse Events*, and has implemented the *Protocol for Active Reporting of Adverse Events*. Adverse events are actively collected and reported, with customer feedback being assessed according to the principle of reporting at suspicion, thereby timely and effectively managing risks post-market release of medical devices. Any incident suspected of being an adverse event related to the medical device should be reported under this protocol.





## Customer Relations Management

At Yuwell Medical, "customers as the core" stands as one of our core values. We have developed a comprehensive, omnichannel customer service ecosystem, grounded in the principle of beginning with customer needs to create a synergistic system across our entire business chain. By thoroughly understanding and integrating customer needs into all business processes, we guarantee efficient responses to customer inquiries, thus significantly improving overall customer satisfaction.

### Proactive Services

Yuwell Medical has formulated protocols and standards, including the *400 Service Process and Standards*, to create a distinctive customer service system. This system features multi-channel front-end outreach, an integrated mid-stage collaborative platform, and a robust back-end support framework, ensuring a smooth customer service experience from pre-sales to post-sales across all channels. The system facilitates customer interaction through various channels, including a 400 hotline, online public accounts, apps, enterprise WeChat, and third-party stores. Moreover, it supports communication through diverse mediums such as phone, text, and video. Centralized around our global customer service headquarters, we have established regional service centers in key cities like Shanghai, Beijing, Guangzhou, Chongqing, Chengdu, Wuhan, and Shenyang, complemented by over 100 after-sales service outlets. This strategic network guarantees a seamless connection between the Company and our customers.





The Company is committed to providing proactive services. By leveraging digital tools, such as a unified platform on WeChat and unique product codes for individual items, we integrate data across the brand, users, and products. We have also developed our proprietary O2P (Product Insight and Operation) platform that performs a detailed analysis of user data throughout the customer lifecycle, generating a complete 360-degree user profile. This enables our customer service team to provide prompt support before, during, and after the sale, ensuring immediate awareness of customers' current product usage, thereby delivering intelligent, fast, and self-directed premium services.

To cater to the increasingly personalized service needs of our diverse user base and foster stronger brand loyalty and satisfaction, Yuwell Medical offers a range of heartfelt services beyond mere product support, with a strong emphasis on meticulous customer care.

Recognized among the Top **100** Chinese Service Brands in 2023

Awarded the **Digital Service Management Innovation Award**


Received three major awards at the China Customer Service Festival  
**"Best Service Case,"**  
**"Team Expert,"** and  
**"Most Beautiful Customer Service Staff."**

-  **Professional Guidance** • We provide online guidance and one-on-one video guidance services, catering to users who require additional support (\*for wearing certain products).
-  **Health Education** • We offer a variety of health education materials, including recorded courses, knowledge cards, and short videos, designed to meet the diverse health needs of different populations.
-  **Diabetic Care** • We regularly organize the *7-Day Family Blood Sugar Control Camp*, offering online solutions to the challenges of managing diabetes; we also facilitate community and social group platforms that provide mutual assistance and communication to help alleviate the complexities and anxieties associated with blood sugar management.
-  **Heartwarming Service** • For vulnerable groups such as the elderly living alone, disabled individuals, and those facing economic hardships, we provide doorstep services, waivers for freight and repair costs, complimentary accessories, and spare machines.

### Response to Requests

At Yuwell Medical, we place immense importance on customer feedback. We have established a robust customer complaint and consultation system, accompanied by a diverse array of communication channels. We have also developed the *Yuwell Medical Complaint Management Regulations* to enhance the investigation, handling, tracking, and oversight of customer complaints. Thorough analyses of customer feedback are conducted to drive continuous improvement, ensuring that complaints are addressed promptly and effectively. Moreover, the Company has implemented a unified work order service platform integrating AI robots to provide real-time, high-quality responses, thereby facilitating rapid human-machine collaboration in resolving customer issues. During the reporting period, Yuwell Medical successfully managed 1,731 customer complaints, achieving a resolution rate of 100%.


Achieved a customer complaint handling rate of **100%**




### Customer Satisfaction Management

Yuwell Medical consistently conducts customer satisfaction surveys to gain comprehensive insights into customer opinions and suggestions, with the aim of continually enhancing our products and services. Throughout the reporting period, the Company carried out customer satisfaction surveys for both its B2B and B2C sectors. Satisfaction questionnaires were issued to B2B customers, achieving a response rate of 100%. For B2C customers, satisfaction was gauged through proactive evaluations received during customer calls, enabling timely identification and constant improvement of any issues. In 2023, Yuwell Medical implemented multiple improvement measures in response to survey findings. For instance, to address dissatisfaction with services, we enhanced customer service capabilities by organizing service scripts, refining typical case handling approaches, and providing staff training to improve their communication skills. Additionally, for users with urgent needs, we established an internal emergency response mechanism and improved satisfaction by offering backup machines, among other measures. To address customer demands regarding delivery schedules, we routinely compiled problem orders for timely follow-up and coordination by dedicated personnel.

Attained a B2B customer satisfaction rate of **96.2%**



Reported a B2C customer satisfaction rate of **97.25%**



### Responsible Marketing

During our marketing and promotional activities, Yuwell Medical strictly adheres to the *Advertising Law of the People's Republic of China* among other relevant laws and regulations. We have implemented responsible marketing systems, including the *Front Desk Marketing Service Standards and Norms*, to ensure clear mechanisms for disseminating information about products and activities. These standards clarify the principles and guidelines for our marketing personnel during sales and promotional activities, ensuring that our product promotions are conducted ethically, scientifically, and objectively. We utilize intelligent tools such as knowledge bases and robotic corpora, which we regularly update and enhance alongside targeted training programs. This ensures that information is communicated accurately and reliably, minimizing errors in manual transmission. Under protocols like the Document Specification Combing Guide, we have also established robust internal audit processes and verification mechanisms, strictly overseeing the production and external distribution of promotional materials.



# Environmentally Friendly: Accelerating Green and Low-Carbon Transition

Total investment in environmental protection: RMB

**7.0168** million

Greenhouse gas emission intensity

**0.0277** tons of CO<sub>2</sub> equivalent/RMB 10,000 revenue

Waste discharge compliance rate

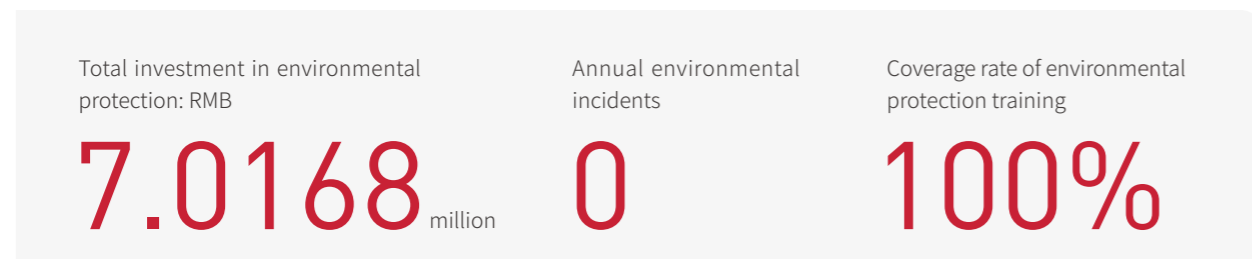
**100%**






## Enhancing Environmental Management

Yuwell Medical actively responds to national requirements for green and low-carbon development by strictly adhering to environmental protection laws and regulations such as the *Law of the People's Republic of China on Environmental Protection*, *Law of the People's Republic of China on Water Pollution Prevention and Control*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and *Energy Conservation Law of the People's Republic of China*, among others. Following the standards of the ISO 14001 Environmental Management System and ISO 50001 Energy Management System, we have established an environmental management system and developed guidelines such as the *EHS Management Manual*. We integrate the concept of green development into our operations, enhance monitoring, and continually improve to maximize competitive strength while minimizing environmental impact. During the reporting period, Yuwell Medical did not experience any environmental pollution incidents, face any administrative environmental penalties, or encounter any major environmental accidents.



### EHS Management System

Yuwell Medical has established a three-tier EHS management structure, systematically assigning responsibilities. The General Manager serves as the primary responsible officer for environmental protection, and is tasked with overall planning and coordination of the Company's EHS management efforts. A designated manager's representative is responsible for developing plans to ensure the establishment, implementation, and maintenance of the EHS management system and reports to the General Manager. Each functional department is responsible for implementing the provisions and requirements of the Company's EHS management system to ensure the realization of EHS management policies and objectives. EHS management objectives are incorporated into the performance evaluation of management, with a veto policy in place for significant adverse environmental events. These objectives, once broken down and allocated to relevant departments, are linked to the performance evaluations of department heads and relevant employees.

|  |  |
|--|--|
| <br><b>General Manager</b>          | <ul style="list-style-type: none"> <li>Comprehensively lead the Company's EHS management, organizing the development of EHS policies and objectives, ensuring resources for the effective operation of the EHS management system, and preventing and managing overall environmental risks.</li> </ul>  |
| <br><b>Manager's Representative</b> | <ul style="list-style-type: none"> <li>Assist the General Manager in establishing, implementing, and maintaining the EHS management system, ensuring the realization of EHS policies and objectives; organize risk opportunities and assessments, planning response measures; lead the investigations and handling of significant environmental and safety incidents.</li> </ul> |
| <br><b>Functional Departments</b>   | <ul style="list-style-type: none"> <li>Execute the stipulations and requirements of the Company's EHS management system, ensuring related tasks are carried out, and achieving the EHS management policies and objectives.</li> </ul>  |

### Environmental Management Objectives

Yuwell Medical routinely assesses the environmental impact of its business operations, allocates specific environmental objectives and tasks across various departments, actively encourages these departments to take appropriate actions, and enhances the monitoring and feedback mechanisms to track progress toward these goals. This approach of closed-loop management facilitates the ongoing enhancement of the Company's environmental protection performance.

| Management Policy   |  |                    |
|---|--|--------------------|
| Compliance with environmental laws, pollution prevention and management, assurance of continuous improvement, and enhancement of management performance |  |                    |
| Objectives  | Indicators   | Achievement Status |
| Manage solid waste through categorized collection and unified treatment   | Waste classification rate $\geq$ 90%, hazardous waste control at 100%, recyclable waste management at 90%  | Achieved           |
| Implement noise reduction measures to minimize the impact on the external environment, ensuring no stakeholder complaints                               | Compliance with Class 3 standards of GB12348-2008 <i>Emission Standard for Industrial Enterprises Noise at Boundary</i> ; Daytime $\leq$ 65 decibels, Nighttime $\leq$ 55 decibels | Achieved           |
| Control fugitive emissions of exhaust gases at a boundary within acceptable standards without external complaints                                       | Compliance of fugitive emissions of particulate matter at the boundary with the <i>Integrated Emission Standard of Air Pollutants</i>  | Achieved           |
| Ensure the discharge of domestic sewage meets regulatory standards  | Implementation of separate systems for rainwater and sewage in the facility area, with domestic wastewater meeting discharge standards after undergoing treatment in septic tanks  | Achieved           |
| Enhance the greenery coverage of the factory area to improve the environment  | Achievement of a 15% greening rate within the factory premises   | Achieved           |

### Environmental Risk and Emergency Management

Yuwell Medical has developed systems such as *Identification, Evaluation, and Control Procedures for Environmental Factors* and *Management, Review, and Control Procedures*. The Company proactively manages environmental risks and conducts hazard assessments, constantly identifying and updating risk points and maintaining detailed risk registers. Through robust risk control measures, it ensures that critical environmental risks are managed effectively according to set standards. The Company adheres strictly to protocols such as the *Classification Method for Environmental Accident Risk of Enterprise* (HJ941-2018) and has developed *Emergency Preparedness and Response Procedures* and *Emergency Plans for Sudden Environmental Incidents*. Extensive emergency response drills are performed to ensure rapid and effective control of unexpected environmental incidents.

### Environmental Management System Certification and Audit

Yuwell Medical consistently advances the development and certification of its environmental system, promoting a standardized and systematic approach to EHS management. The Company has obtained ISO14001 Environmental Management System certification and has been certified as a Green Factory in Jiangsu Province. It undergoes annual ISO system supervisory audits and triennial recertification audits conducted by third-party certification bodies.

The Company conducts comprehensive internal environmental audits, cross-departmental reviews, and strict self-assessments regularly. Every quarter, third-party professional organizations are engaged to audit the environmental management system, ensuring thorough monitoring of its operational status and environmental performance. During the reporting period, Yuwell Medical completed 4 environmental reviews across all its facilities and conducted 4 third-party environmental audits.

Yuwell Medical **has obtained ISO14001 Environmental Management System certification**

Yuwell Medical **has been certified as a Green Factory in Jiangsu Province**

## Green Product Design

Yuwell Medical integrates the concept of green innovation into its product development, actively employing new materials, equipment, processes, and technologies across packaging design, production, distribution, transportation, and sales. This strategy fosters miniaturized, lightweight, low-energy, and environmentally friendly designs, delivering superior, eco-friendly products.

### Integrated, Lightweight, Low-Energy Design

- We prioritize the recycling and reuse of materials by utilizing the reuse of mesh atomizer packaging liners, implementing a shared design for wheelchair frame components, and adopting an integrated platform design for the electronic sphygmomanometer product line, all aimed at enhancing the spatial efficiency of our products.
- For integrated fetal monitors, we employ a unified design that eliminates connecting spring wires, reducing the overall size of the machine and resource consumption. We prioritize shared material use and incorporate internal integration and lightweight designs to enhance the efficiency of space utilization in our products.



- We employ a lightweight motor design in our electric wheelchair products and have developed pocket battery applications.

### Green and Healthy Materials

- We rigorously control hazardous substances such as mercury, lead, cadmium, and hexavalent chromium by selecting materials compliant with the ROHS directive, thereby reducing potential harm to human health.
- We select packaging suppliers and products that adhere to environmental certification standards, like ISO14001 Environmental Management System certification, to ensure that the packaging materials meet stringent environmental guidelines.

### Green Packaging

- We aim to maximize the simplification of packaging while maintaining product safety, continuously enhancing the utilization of packaging materials through internal recycling and resource reuse. For instance, we replace foam liners with recyclable air cushion bags made of LLDPE/NYLON co-extruded film to reduce the use of plastics and substitute traditional foam packaging.
- We choose recyclable, biodegradable, or reusable packaging materials, such as paper, cardboard, and biodegradable plastics, to minimize environmental impact.

### Case Turnover Box Project in Collaboration with SF Express

Yuwell Medical aligns with the national *14th Five-Year Plan for Circular Economy Development*. During the R&D stages, the Company considers packaging reduction and other factors. To address the issue of excessive packaging waste from individually packaged small consumer items, Yuwell Medical has partnered with SF Express on the Turnover Box Project. The turnover box design accommodates a substantial volume of items and features stackable functionality. This initiative offers several benefits. First, it reduces the use of packaging materials for consumer deliveries, thus preventing over-packaging. Second, it decreases the packaging weight for the same shipment volume, which in turn lowers energy consumption and carbon emissions during transit. Third, the turnover boxes are designed to be reused up to approximately 40 times and are either compressible or collapsible to save space, facilitating efficient and circular resource use. This substantially lowers both waste disposal costs and the environmental footprint.

## Addressing Climate Change

### Climate Risk Management

In accordance with relevant policies, regulations, international initiatives, and trends, Yuwell Medical keeps improving its ability to manage climate risks and opportunities, thereby enhancing its climate resilience.

| Risk Type              | Risks, Opportunities, and Potential Impacts  | Response Measures  |
|------------------------|--|--|
| <br>Physical Risks     | Extreme Weather <ul style="list-style-type: none"> <li>• The increase in extreme weather events such as extreme heat, severe cold, torrential rains, and typhoons could affect business continuity.</li> </ul>   | <ul style="list-style-type: none"> <li>• Strictly control EHS and supply chain risks, and enhance emergency management.</li> <li>• Assess regional climate risks during project selection and planning.</li> </ul>   |
|                        | Temperature Rise <ul style="list-style-type: none"> <li>• A rise in average temperatures could increase operational costs for company infrastructure and pose health risks to employees.</li> </ul>  | <ul style="list-style-type: none"> <li>• Increase production efficiency through energy-saving technological improvements and optimization of the energy structure.</li> <li>• Keep abreast of global scientific advancements related to diseases caused by climate change and enhance research in products and technologies.</li> </ul>  |
|                        | Disease Epidemics <ul style="list-style-type: none"> <li>• Climate change may elevate the risk of transmitting epidemics.</li> </ul>   |  |
| <br>Transitional Risks | Policy and Regulatory Risks <ul style="list-style-type: none"> <li>• Increasingly stringent national policies and requirements may lead to higher costs and tighter operational constraints.</li> </ul>  | <ul style="list-style-type: none"> <li>• Stay updated on policy changes, ensure compliance with new regulations, and proactively adapt to policy shifts.</li> <li>• Monitor developments in the carbon market and prepare accordingly.</li> </ul>  |
|                        | Market and Technological Risks <ul style="list-style-type: none"> <li>• The growing demand for carbon reduction in the value chain and the emergence of new low-carbon technologies and alternatives may obsolete current technologies or products. Adopting green industries and technologies can boost product competitiveness, albeit at increased costs of low-carbon transition.</li> </ul> | <ul style="list-style-type: none"> <li>• Intensify R&amp;D in low-carbon technologies and products, and strategize for green and smart transitions by capitalizing on opportunities in clean technology.</li> <li>• Design carbon reduction pathways and implement new materials, equipment, processes, and technologies. Thoroughly assess the investment returns and feasibility before launching low-carbon transition projects and select the optimal solutions based on reality.</li> </ul> |



## Energy and Carbon Management

Advancing its energy management in alignment with the ISO 50001 Energy Management System standards, Yuwell Medical develops guidelines such as the *Energy Management System Manual*, strengthens its energy management framework, sets energy-saving goals, and conducts energy audits. The Company actively adopts new energy-saving technologies, processes, and materials, constantly enhancing its level of energy management. The energy management objectives are annually updated and integrated into performance assessments.

Yuwell Medical's parent company has obtained **ISO 50001 Energy Management System certification**

### Energy Management Goals

| Indicator   | Goal Requirements  | Achievement Status                       |
|---|--|--|
| Comprehensive Energy Consumption per Unit of Output | ≤ 6.08 kg standard coal/RMB10,000                              | 5.66 kg standard coal/RMB 10,000         |
| Air Compressor                                      | Efficiency ≥ 85%, pressure ≥ 0.75, exhaust temperature <100° C | Pressure 0.75, exhaust temperature 80° C |
| Power Supply and Distribution                       | Power factor ≥ 96%, line loss rate < 5%                        | Power factor 97%                         |
| Ground Source Heat Pump                             | Efficiency COP ≥ 5.4   | Efficiency COP ≥ 5.6                     |
| Screw Chiller                                       | Efficiency COP ≥ 5   | Efficiency COP 5.3                       |

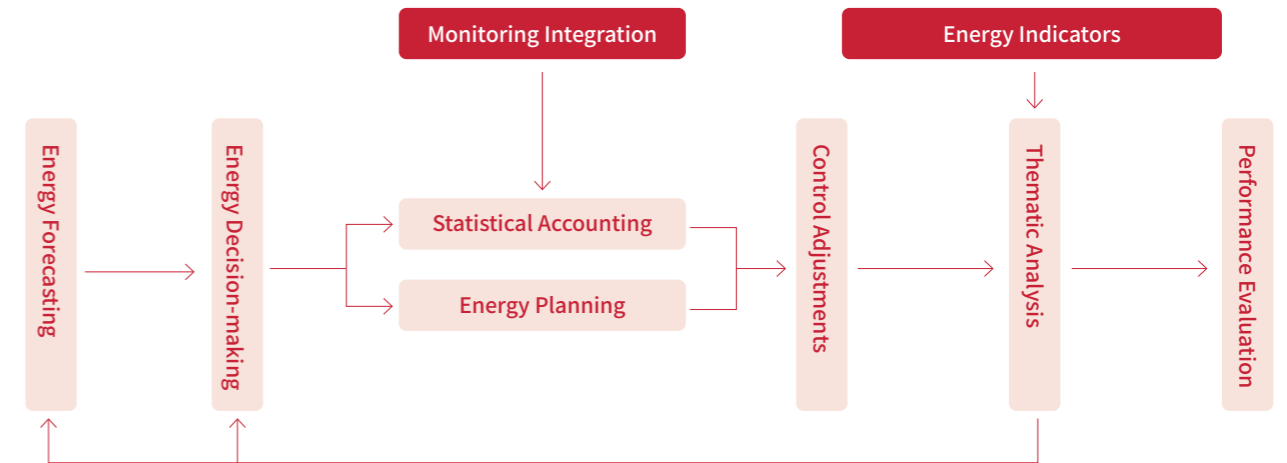
Note: The statistics are based on Yuwell Medical's parent company.

|   | Indicator                                      | Unit  | 2023      |
|---|--|---|-----------|
| Energy use and greenhouse gas emissions | Gasoline                                       | Tons  | 76.40     |
|   | Diesel   | Tons  | 33.27     |
|   | Natural gas                                    | Cubic meters (×10,000)                                | 86.23     |
|   | Outsourced electricity                         | Kilowatt-hours (×10,000)                              | 3,492.32  |
|   | Total energy consumption                       | Tons of standard coal                                 | 5,600.27  |
|   | Energy consumption intensity                   | Tons of standard coal/RMB 10,000 revenue              | 0.0070    |
| GHG Emissions                           | Direct greenhouse gas emissions (Scope 1)      | Tons of CO <sub>2</sub> equivalent                    | 2,201.36  |
|   | Indirect greenhouse gas emissions (Scope 2)    | Tons of CO <sub>2</sub> equivalent                    | 19,916.69 |
|   | Total greenhouse gas emissions (Scope 1 and 2) | Tons of CO <sub>2</sub> equivalent                    | 22,118.05 |
|   | Greenhouse gas emission intensity              | Tons of CO <sub>2</sub> equivalent/RMB 10,000 revenue | 0.0277    |

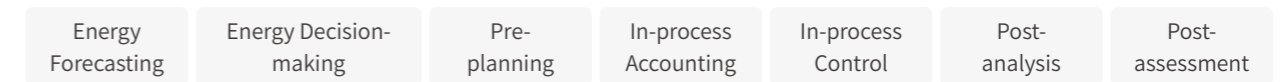
Note: The greenhouse gas emission indicators follow guidelines from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), including *GHG Protocol* and *Specification with Guidance at the Organization Level for Quantification and Reporting of GHG Emissions and Removals*. The emission factor for outsourced electricity in the Scope 2 category, according to the notification by China's Ministry of Ecology and Environment (HBQHH [2023] No. 43), is 0.5730 CO<sub>2</sub>/MWh.

## Energy Management Strategy

Yuwell Medical is spearheading the development of a comprehensive big-data platform for energy management. This platform integrates data collection, process monitoring, and energy management into a unified system that utilizes various levels of metering equipment for centralized monitoring of diverse energy media and key energy-consuming devices. This integration facilitates a seamless closed-loop management system spanning energy planning, statistics, analysis, and assessment, ensuring the energy system operates safely, reliably, economically, and efficiently. This transformation shifts energy management practices from empirical to analytical and from manual processes to digital solutions.



Grounded in statistical accounting and enhanced by monitoring integration, this strategy oversees the implementation of energy plans, incorporates control adjustments, and intensifies thematic analysis centered on energy indicators, thus supporting energy forecasting, decision-making, and performance evaluation.



### Optimizing Energy Usage Structure

Through initiatives such as expanding photovoltaic power generation and acquiring green electricity, the proportion of clean and renewable energy usage is gradually increased.

- Nine rooftop areas at our factory site have been utilized for the 5.724MWp Distributed Commercial and Industrial Photovoltaic Power Station Project, generating 7.605 million kilowatt-hours of electricity in 2023.
- Yuwell Medical's cafeteria has transitioned to using clean energy natural gas instead of electricity and liquefied petroleum gas, further supplemented by solar energy to reduce electricity consumption.



The Heyang photovoltaic project, with an installed capacity of 5.724MWp, generated 7.605 million kilowatt-hours of electricity in 2023, surpassing the annual target of 5.884 million kilowatt-hours.

### Technological Energy Savings

High-energy-consuming, inefficient, and outdated equipment is replaced with systems that incorporate more efficient production technologies and processes, enhancing energy utilization and reducing operational emissions.

- All operational sites are equipped with intelligent central energy systems, creating a low-consumption, comfortable environment.
- The implementation of frequency conversion projects for chiller units has transformed traditional fixed-frequency chillers into variable-frequency units, achieving an annual reduction of 992,000 kilowatt-hours in electricity consumption.
- Workshop lighting has been entirely upgraded to energy-efficient fixtures, achieving a 100% usage rate. This is complemented by zoning and group controls to minimize electrical waste further.



### Energy Saving Management

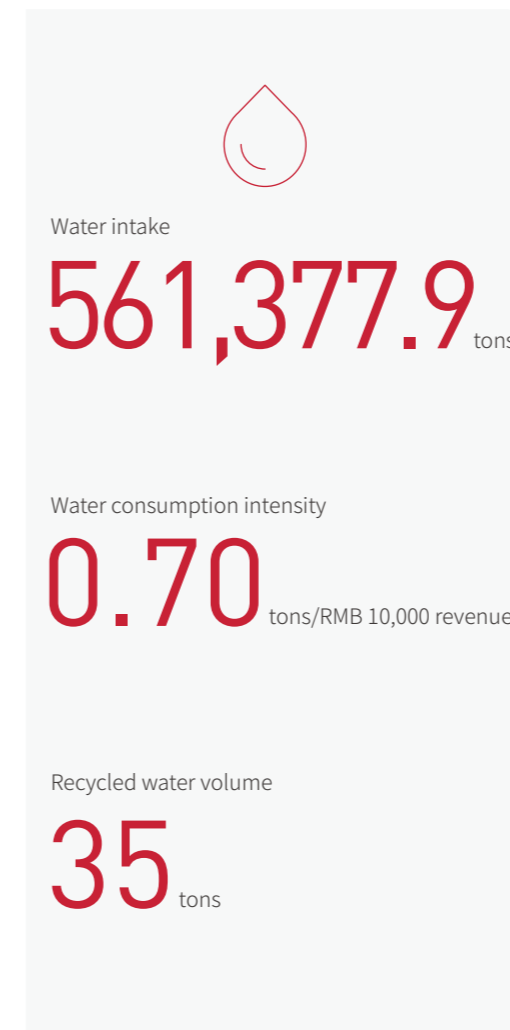
Leveraging information technology and big data analysis, we perform real-time monitoring of energy consumption status, unit energy data, trends, and operational parameters through the smart energy online monitoring system. This helps guide and fine-tune production, management, and processes efficiently, ensuring precise energy control.

- Real-time energy consumption monitoring: We collect and analyze the energy consumption of major equipment in real time through our online monitoring system, promptly identifying unusual consumption patterns.
- Energy visualization analysis: We conduct in-depth analysis of energy data to discern consumption trends and changes across various areas and time periods. This helps us identify opportunities for energy-saving improvements and develop more effective energy-saving strategies.

## Reducing Environmental Impact

### Water Resource Management

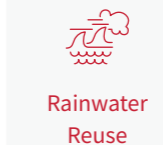
Yuwell Medical primarily employs municipal water for both production and office purposes, situating its major production and operational sites in regions with low water resource risks. The Company rigorously adheres to the *Water Law of the People's Republic of China*, as well as local laws, regulations, and standards. The *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. Water Conservation Management System* has been formulated, alongside the management of water use planning. This encompasses the development of water-saving and annual water use plans, the assignment of responsibilities to key water departments, and the designation of dedicated personnel for management. Additionally, Yuwell Medical actively promotes production process optimization, equipment process enhancements, and the sustainable utilization of water resources. During the reporting period, Yuwell Medical conducted an evaluation of water-saving enterprises in accordance with the *Evaluating Guide for Water Saving Enterprises* (GB/T7119-2018), successfully meeting all basic requirements, management assessment indicators, and technical specifications, thus earning classification as a water-saving enterprise.



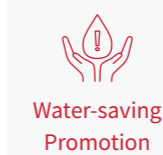
Regular inspections and maintenance activities are carried out based on detailed supply and drainage network diagrams and metering networks. Original records and statistical ledgers are regularly standardized and analyzed. Internal quota management is enforced, incorporating rewards for savings and penalties for exceeding.



Annual funding is allocated for water-saving project construction and technological upgrades, encompassing the utilization of water-saving equipment. Advanced foreign spray equipment is procured to automatically detect greenery conditions and irrigate as necessary, thereby enhancing water resource utilization while ensuring the preservation of green spaces.



Rainwater collected in rainwater collection tanks is directed to the factory pond to irrigate factory greenery. Through the collection of natural rainfall, 1,250 tons of water can be conserved annually.



Regular water-saving education campaigns are conducted to disseminate knowledge regarding water-saving laws, regulations, methods, provisions, and standards, as well as to popularize water-saving scientific knowledge and enhance water-saving awareness among all employees.



## Emissions and Waste Management

Yuwell Medical adheres to a clean and green production and operation model, strictly adhering to relevant laws and regulations such as the *Regulation on the Administration of Permitting of Pollutant Discharges*. The Company has developed an *EHS Management Manual* to rigorously manage exhaust gas emissions, wastewater discharge, and solid waste disposal. Pollution prevention facilities are concurrently designed, constructed, and put into operation with main projects. Qualified third-party testing agencies are regularly commissioned for self-monitoring, and environmental monitoring information is promptly disclosed to ensure a 100% compliant discharge of all types of waste and to minimize the environmental impact of emissions. During the reporting period, no significant environmental incidents occurred, and no administrative penalties or criminal liabilities were imposed by relevant ecological and environmental departments due to major environmental incidents. Moreover, there were no instances of exceeding emission standards or illegal discharge of exhaust gas or wastewater pollutants.



### Wastewater Management

Wastewater primarily originates from domestic sewage, R&D, and manufacturing. Yuwell Medical strictly complies with the *Law of the People's Republic of China on Water Pollution Prevention and Control*, *Integrated Wastewater Discharge Standard*, *The Reuse of Urban Recycling Water-Water Quality Standard for Industrial Uses*, and local standards. A *Wastewater Management System* has been formulated to enhance online monitoring and regular inspections, enforce strict discharge management of wastewater generated during production operations, and ensure compliance with sewage treatment, discharge, and recycling regulations. The Company implements a rainwater and sewage diversion system, directing rainwater into the municipal rainwater drainage network, with part of the production wastewater recycled for production and the remainder discharged externally. High-concentration organic wastewater from production undergoes pretreatment and is combined with various cleaning waters and alkaline scrubber wash wastewater into a mixing tank. After harmless treatment, 60% of the wastewater is discharged into the municipal sewage network, while the remaining 40% enters the recycled water treatment system. Once treated to meet standards, it is reused for production line rinsing, saving 4,380 tons of water annually.



### Exhaust Gas Management

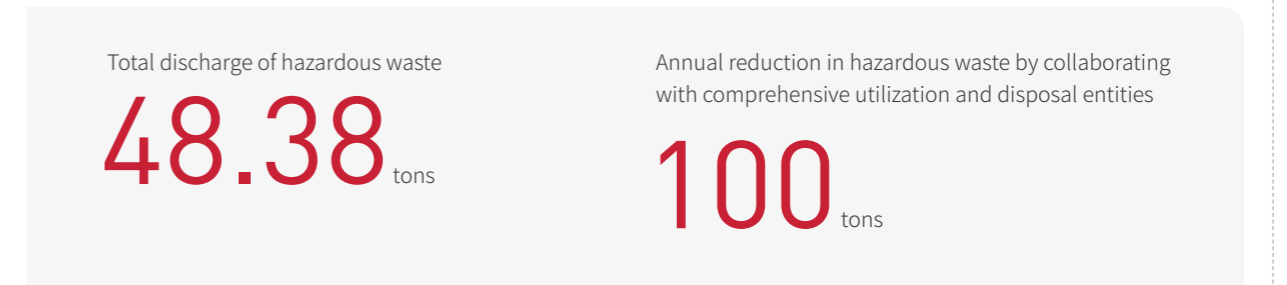
Exhaust gas emissions mainly comprise volatile organic compounds, nitrogen oxides, sulfur oxides, and particulate matter generated during the production process. Yuwell Medical strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and local atmospheric pollutant emission standards. Following the management requirements of the internal *Exhaust Gas Management System*, the overall emissions of the factory area are controlled to ensure compliance after treatment by the exhaust gas treatment device. Monitoring sampling holes are installed at emission outlets to regularly monitor key parameters such as gas composition, concentration, and flow rate, thereby preventing risks of exhaust gas emissions.

### Solid Waste Management

Yuwell Medical strictly adheres to the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and requirements of other relevant laws and regulations, formulating the *General Solid Waste Management System* and *Hazardous Solid Waste Management System*. It establishes rigorous solid waste disposal processes and safety operation standards, follows the principles of reduction, resource utilization, and harmlessness, and controls waste rigorously throughout the entire process from production, storage, and transportation to disposal. During the reporting period, the Company did not experience any illegal events related to waste disposal.

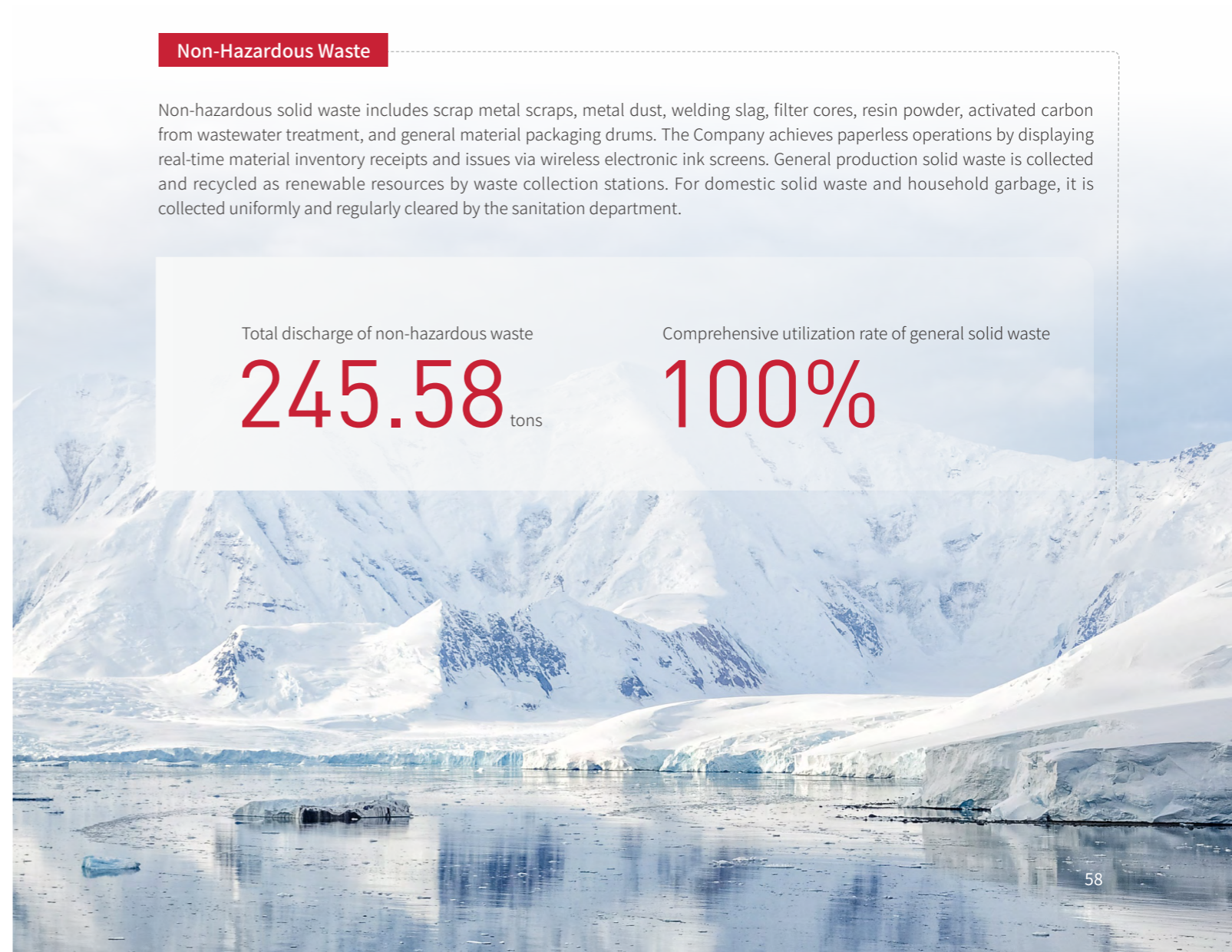
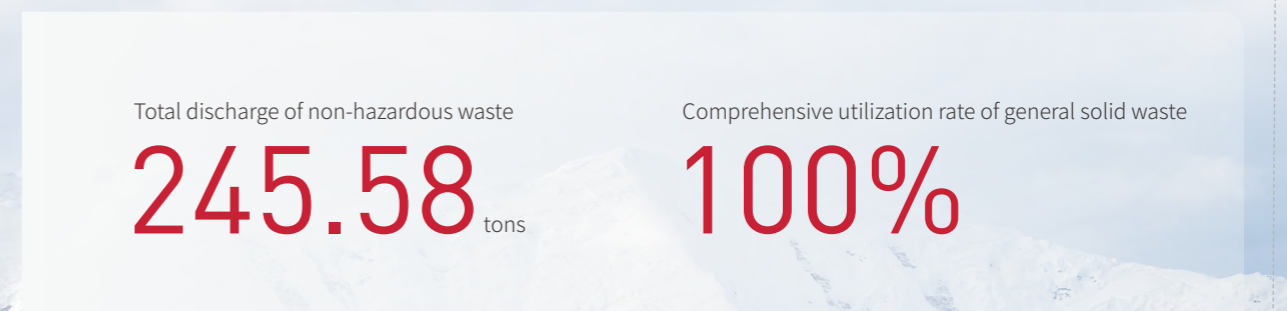
### Hazardous Waste

Hazardous solid waste includes filter bags, sludge, activated carbon from exhaust gas treatment, filter cotton waste, packaging drums containing chemicals, waste machine oil, emulsion waste, oil sludge, etc. The Company sets up hazardous waste warehouses with waterproof and anti-leak measures. Hazardous waste is classified, stored temporarily, and supervised by dedicated personnel according to the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2023). Qualified units with professional disposal qualifications are regularly commissioned to safely and effectively dispose of hazardous waste, with transfer forms synchronously submitted to the national management platform upon completion.



### Non-Hazardous Waste

Non-hazardous solid waste includes scrap metal scraps, metal dust, welding slag, filter cores, resin powder, activated carbon from wastewater treatment, and general material packaging drums. The Company achieves paperless operations by displaying real-time material inventory receipts and issues via wireless electronic ink screens. General production solid waste is collected and recycled as renewable resources by waste collection stations. For domestic solid waste and household garbage, it is collected uniformly and regularly cleared by the sanitation department.



# Talent-oriented: Achieving the Value of Life

Average annual training duration per employee

**24.7** hours

Proportion of female employees in middle and senior management

**27%**

Charitable donations: RMB

**42.874** million





## Growing Together with Employees

Yuwell Medical views human capital as a primary driver of sustainable development. We are dedicated to providing high-quality, cost-effective services to customers, continually enhancing our core competitiveness, and achieving sustainable, positive growth. We concentrate on talent acquisition and retention, refining our compensation and performance systems, respecting employees' rights and interests, and fostering a favorable, open work environment. We ensure the health and safety of our workplace, promote our strategic talent reserve plan, and clarify dual career paths for employees. We commit to transparent and fair practices in talent identification and selection, actively develop and enhance employee skills, enabling them to leverage their strengths and add value. We aim to create a nurturing environment, offering care and support to our employees, promoting growth in a diverse and inclusive setting, and achieving mutual integration and success between employees and the enterprise.



## Talent Acquisition and Retention

### Talent Attraction

Aligned with strategic and business planning, Yuwell Medical develops medium- and long-term human resources plans and actively explores talent management strategies. We precisely target talent acquisition channels through campus recruitments, online platforms, and internal referrals, while deepening our talent retention strategies to cultivate a professional, international workforce.

Yuwell Medical adheres strictly to the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, among other relevant laws and regulations. We have established systems for internal referrals, internal competitions, and rehiring employees, adhering to principles of openness, fairness, comprehensive assessment, and both moral and technical excellence. These systems provide employees with platforms to showcase their talents. During the recruitment process, the Company rigorously complies with local laws and regulations, and has

developed multiple management systems, including the *Employee Handbook* and *Yuwell Medical Recruitment Management System*, to standardize recruitment and onboarding processes, eliminate all forms of discrimination and bias, and ensure the legality, fairness, and equity of the recruitment process. In recent years, Yuwell Medical has achieved significant success in talent recruitment and management, earning accolades such as Best Employer of the Year, Outstanding Human Resources Management Award, and Most Talent-Loving Employer.

Yuwell Medical has attached importance to employee needs. As our team has expanded and become younger in recent years, the Company has grown and created open, flexible office spaces, fostering a modern, liberating work environment. This setting enhances comfort, facilitates communication, and boosts collaboration, dedicated to providing employees with a physically and emotionally gratifying, safe, and healthy work experience.



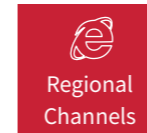
Campus Recruitment

As a talent pool for our future management trainees, we systematically advance our annual recruitment plans for fresh graduates and interns, proactively connecting with over 30 universities nationwide. Through a blend of online and offline recruitment efforts, we offer competitive career development opportunities to recent graduates.



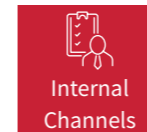
Online Channels

We actively partner with external professional recruitment websites to display crucial information about our company culture, values, and work environment. By showcasing our corporate brand, employee work styles, benefits, training opportunities, and promotion channels, we keep enhancing our attractiveness as an employer.



Regional Channels

Considering the dynamics around our global manufacturing base in Danyang, we actively bolster our local employer brand through regional talent networks and community outreach, efficiently meeting our recruitment needs for general labor.

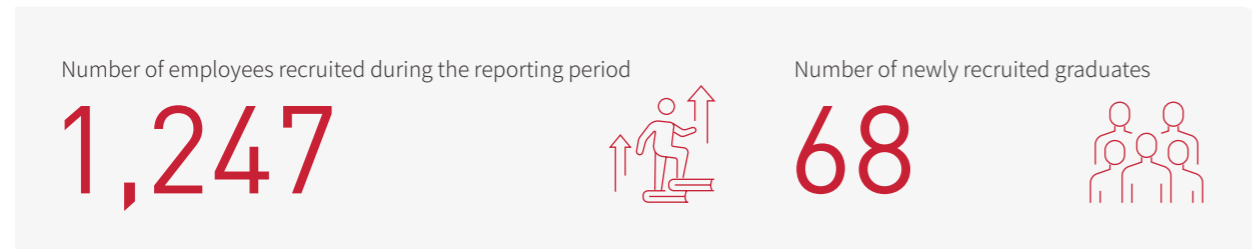


Internal Channels

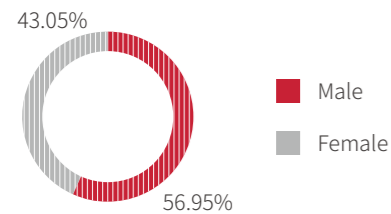
We have established systems for internal referrals and competitions, encouraging employees to recommend competent and ethical colleagues, allowing more employees with both moral and technical skills to emerge.

Regarding campus recruitment, Yuwell Medical has recruited over 250 new graduates since 2021. In 2023 alone, we employed more than 166 interns and fresh graduates, with 42 entering our 2023 Management Trainee Program. The Company and its subsidiaries systematically advance recruitment plans for new graduates and interns, actively engaging with prestigious domestic universities such as Nanjing University, Southeast University, China Pharmaceutical University, Nanjing University of Science and Technology, Nanjing Medical University, and Soochow University. These efforts lay the groundwork for building our talent pipeline.

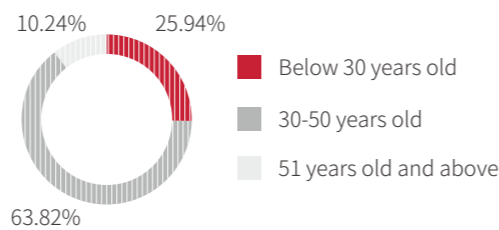
Furthermore, to expand the scope and depth of our collaboration with universities and drive high-quality integration of industry and academia, the Company actively collaborates with universities and research institutions on R&D projects. We have established employment and internship bases in partnership with institutions such as Beijing Institute of Technology, Southeast University, University of Shanghai for Science and Technology, Hohai University, Nanjing University of Posts and Telecommunications, and Jiangsu University. These collaborations include joint technical research institutes, facilitating the rapid transformation and implementation of advanced achievements, and promoting innovation within the industry.



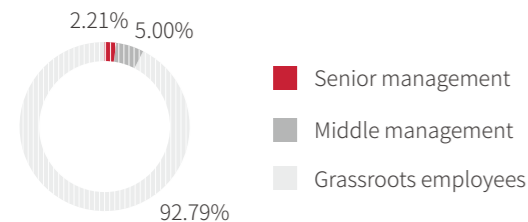
**Employee Distribution by Gender**



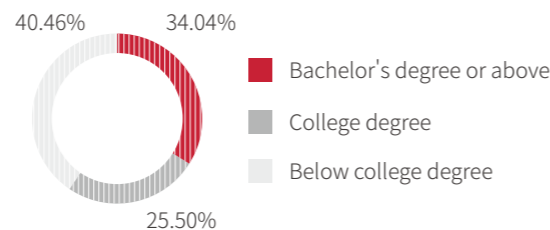
**Employee Distribution by Age**



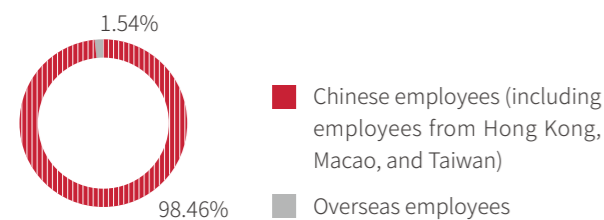
**Employee Distribution by Hierarchical Level**



**Employee Distribution by Education**



**Employee Distribution by Region**



**Labor Rights and Interests**

Yuwell Medical adheres to national laws and regulations, including the *Labor Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, and the *Labor Contract Law of the People's Republic of China*, as well as relevant conventions of the International Labour Organization. The Company has formulated internal protocols and implementation rules, including the *Anti-Discrimination Management Procedure*, *Labor Employment Procedure*, *Special Working Environment Assessment for Female Workers*, *Management of Child and Minor Workers*, *Yuwell Work Injury Management Measures*, and *Employee Handbook*. These measures aim to comply with human rights protection policies and regulations, clarify the code of conduct and requirements for employees, prevent potential human rights risks, and provide reliable protection for employees' rights and interests.



**Employee Compensation and Incentives**

Complying with the *Labor Law of the People's Republic of China*, Yuwell Medical aligns with the Company's "performance-evidenced" culture and management requirements to organize and establish the *Interim Measures for Yuwell Medical's Compensation Management System*. This system is constructed around business characteristics and performance-driven evaluation and incentive mechanisms, constantly improving compensation management and bonus distribution plans to ensure employees are fairly compensated in relation to their work outcomes.

The Company's compensation system consists of a fixed salary, variable performance bonuses, and long-term incentives, linked through a mechanism that correlates with company performance, organizational effectiveness, and individual employee results. Variable performance bonuses and long-term incentives are aligned with company and departmental performance targets, set according to employee role categories and output contributions, effectively driving employees to meet performance objectives and consistently enhancing output and retention of key staff. Based on market trends and industry practices, combined with company performance, the compensation plan is determined to enhance the overall competitiveness of the Company's remuneration. Additionally, Yuwell Medical has established an employee stock ownership plan for core staff, offering stock incentives that align their personal gains with the Company's long-term goals and benefits, thereby motivating employees to focus on and support our long-run development, fostering a positive organizational culture, and promoting sustained and effective growth.

**Employee Communication**

Yuwell Medical respects the rights of its employees to participate, express themselves, and oversee operations. We facilitate various platforms for this, including face-to-face communication with the Chairman, 360-degree evaluations for management, communication meetings, internal complaint channels, and internal forums. We have established internal protocols, such as the *Employee Complaint Management Procedure*, *Yuwell Medical Supervision Management Measures*, and *Yuwell Medical Reporting Management System*, to provide avenues for communication, dialogue, and appeal. Employees are encouraged to contribute ideas and suggestions on company management to ensure mutual understanding and address their needs. The Company maintains strict confidentiality regarding employee complaints, reports, and grievances, prohibiting any retaliation against legitimate complaints. Violations of this policy will result in disciplinary action, and severe cases may lead to legal consequences.

|  |  |   |
|--|--|---|
|  | <b>Internal Publication</b><br><i>Yuwell New Horizon</i>     | This platform disseminates company developments, product information, management strategies, and shares employees' exemplary deeds and insights.  |
|  | <b>360-degree Evaluation for Management</b>                  | Comprehensive surveys are conducted among the manager's superiors, peers, subordinates, and collaborators to gather extensive feedback on the manager.  |
|  | <b>Face-to-face Communication Meetings with the Chairman</b> | The Chairman and General Manager engage in direct communication with key employees from various departments, fostering open discussions on organizational, business, cultural, and other topics while attentively listening to employees' opinions. |
|  | <b>Employee Forum "Fish Pond"</b>                            | This platform enables all employees to express themselves freely, with an official account designated to provide unified and timely responses to topics of employee concern.  |



Employee satisfaction rate

**83.6%**

Yuwell Medical places great importance on listening to employees' voices and has established a robust communication and feedback mechanism. Since 2020, the Company has conducted annual organizational climate surveys, comprehensively listening to employees' genuine voices and demands across six dimensions: "job responsibilities, supervisor support, team collaboration, cultural identity, business processes, and learning & growth." The feedback rate for 2023 was 84.6% (a 12.6% increase from the previous year), with an employee satisfaction rate of 83.6% (a 5% increase from the previous year). Through continuous internal feedback, exposure, and resolution of management issues at all levels, the Company has been improving its management level, enhancing employee experience, and fostering collaborative development between the organization and its employees.



### Welfare Guarantee

Building upon the national basic social security system and tailored to the Company's specific circumstances, we keep enhancing our welfare offerings, ensuring a robust and diverse package for our employees. We procure accidental injury insurance for our workforce, support those in need with government subsidy applications, and promote the integration of talent within the community. Apart from statutory holidays and annual leave, we offer additional home leave for expatriate employees and arrange for annual physical examinations, holiday gifts, sick leave allowances, and team-building activities, all in the pursuit of fostering a supportive and nurturing work and life environment.

Moreover, the Company encourages employees to pursue academic and professional skill advancement during their spare time, reimbursing tuition fees for educational endeavors. Presently, we have sponsored 25 individuals for further education, empowering employees with greater opportunities for career development and advancement.

|                   |  |
|-------------------|--|
| <b>Marriage</b>   | Marriage Leave   |
| <b>Housing</b>    | Housing Provident Fund   |
| <b>Health</b>     | Annual Physical Examinations, Sick Leave Allowance, High-Temperature Allowance |
| <b>Childbirth</b> | Prenatal Check Leave, Maternity Leave, Paternity Leave, Parental Leave         |
| <b>Festivals</b>  | Holiday Gifts  |

|                   |  |
|-------------------|--|
| <b>Learning</b>   | Educational Advancement, Professional Skill Enhancement  |
| <b>Insurance</b>  | Social Medical Insurance, Employer Liability Insurance   |
| <b>Activities</b> | Holiday Events, Game Competitions, Basketball Competitions, Annual Meetings, Family Open Days, Team Building |
| <b>Retirement</b> | Commemorative Gifts, Retirement Commemorative Certificates, Social Pension Insurance                         |

## Employee Training and Development

At Yuwell Medical, we prioritize the professional growth of our employees by establishing a fair platform for their development. We consistently enhance our talent cultivation framework, devise and enact policies that support career advancement, and create opportunities for internal mobility. We encourage self-motivated and collaborative learning, champion the concept of lifelong education, and thus elevate the professional competencies, skill sets, and overall management capabilities of our staff.

### Employee Training System

In alignment with the Company's strategic focus on customer orientation, digitization, and youth engagement, Yuwell Medical has established the Yuwell Learning Development Center to continually bolster the competitiveness of our talent. By collaborating closely with various business units and leveraging online learning platforms, we have created professional and management talent cultivation systems tailored to the Company's future strategic needs, including systems for new hires (via social recruitment and management trainee programs). Our learning solutions, integrating training and practice across diverse formats and scenarios, constantly boost employee engagement and learning efficiency, enhancing their professional and managerial skills.

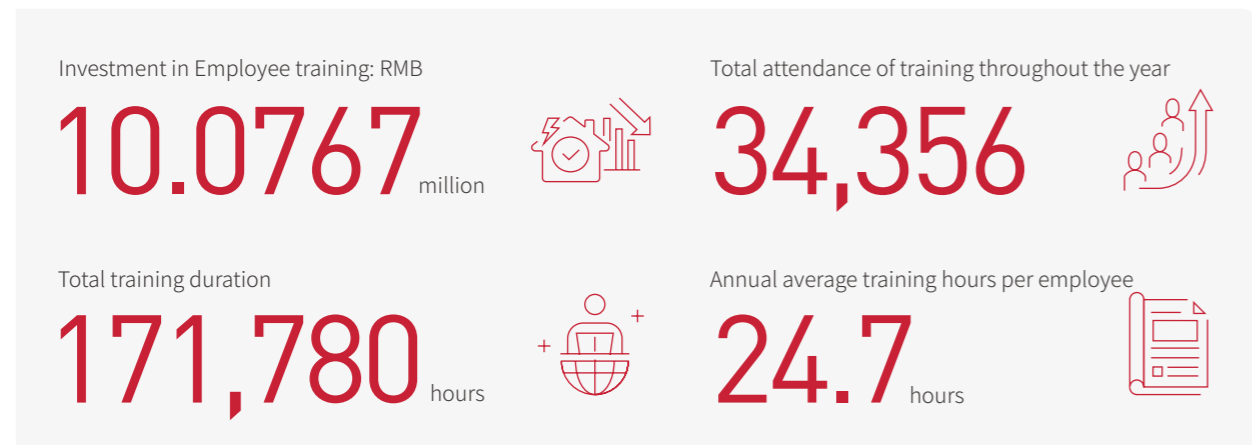
### Talent Development Channels

Yuwell Medical adheres to a talent strategy primarily focused on internal development supplemented by external recruitment. Relying on three major talent cultivation systems, we have constructed a dual-channel talent development framework. This assists employees in aligning their individual characteristics with both professional and managerial growth, better fitting their personal career goals and organizational needs. For professional roles, we have established a qualification system and customized various talent development programs to help employees clarify their positioning and capability gaps, planning personalized development paths. For management roles, we consistently conduct talent reviews aligned with business planning, and develop layered management training programs by combining training with practices. This approach selects and trains reserve leaders while enhancing the leadership skills of current managers.



## Talent Cultivation Projects

Yuwell Medical develops distinctive talent cultivation programs with a product-oriented mindset, integrating training with real-world challenges. Based on management levels, we have established four major training plans: Embarking, Setting Sail, Sustaining Progress, and Leadership Pioneering, covering new hires/management trainees, grassroots leaders, high-potential talents, and middle-to-senior managers, conducting personalized training activities. We primarily utilize internal courses and instructors, supplemented by external resources. Through internal instructor development, we summarize business and management expertise, consolidating and replicating exceptional organizational experiences and capabilities. Additionally, by inviting external industry experts to teach and visiting external companies, we assimilate superior business and management knowledge. Collaborations with universities and research institutions help attract and develop high-quality talents, enhancing the employer brand and our research capabilities.



## New Employee Training

Yuwell Medical prioritizes the development of new employees. By implementing the online New Employee Learning Program, we quickly engage with employees upon their onboarding to ensure they promptly acquire essential corporate knowledge. Additionally, through offline group training sessions, we help new employees systematically learn about our business processes and product knowledge, facilitating their understanding and integration into our corporate culture. In 2023, we conducted 55 new employee training sessions, covering over 1,300 new hires.

### Case Yuwell Star Program

The Yuwell Star Program is the Company's management trainee initiative, a key project to attract innovative talent and cultivate future core leaders. The program includes various training forms such as Pre-employment Online Classes, Yuwell Star Program Onboarding Bootcamp, Dual Mentorship in Business +BP, and the Yuwell Star Program Career Advancement Camp. With an OMO (Online-Merge-Offline) hybrid training model, we consistently support the growth and development of management trainees, aiding their professional advancement and career transition.



## Leadership Training

Yuwell Medical remains committed to the internal selection and development of its leaders. Through a variety of educational methods, including in-house course development, training and practical exercises, and overseas study tours, we have established tiered management training programs to enhance leadership skills and strategic insight.

### Case Yuwell Medical's Wharton Study Tour Program

In line with the Company's internationalization strategy and aiming to enhance the global leadership capabilities of its top executives, Yuwell Medical has established a strategic partnership with the University of Pennsylvania's Wharton School, one of the world's leading business schools. Together, we have launched the Yuwell & Wharton Global Leadership Program to provide the Company's senior management with a platform for learning world-class business expertise. The program is conducted in the form of study tours, leveraging the expertise of the faculty team from the Wharton School of the University of Pennsylvania. It offers training and learning opportunities in various dimensions such as leadership development, technological innovation, and cutting-edge medical knowledge. By the end of 2023, the program had successfully completed two phases, engaging more than 50 senior executives and top talents within the Group. Furthermore, we support employees in pursuing part-time graduate studies or MBA programs. Employees who successfully pass their exams and get accepted will have their training costs covered by the Company, which motivates them to continually enhance their skills and achieve personal growth.



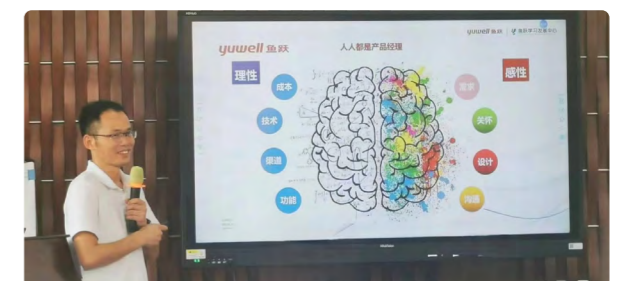
## Professional Training

Yuwell Medical conducts specialized professional training across its R&D, production, and marketing systems. For key roles, we create job-specific learning paths and specialized training projects to help employees improve their core competencies and teamwork abilities, thereby infusing new energy into business development.

### Case Qualification and Capacity Building in the R&D System

In order to boost the Company's product R&D capabilities, the Yuwell Learning and Development Center has spearheaded the creation of a tailored training program. This initiative draws from the development and evolution case studies of the Company's products and focuses on hands-on training projects to deliver targeted skill development. In our R&D system, we have established a professional qualification framework and a job learning roadmap to help R&D specialists enhance their specific skills and expertise. Training for key operational personnel is managed by the team managers, and employees can only begin their duties upon passing the required evaluations. For certain specialized positions, certification is required, with credentials issued by third-party organizations or obtained through pre-job training.

In 2023, our R&D system conducted two sessions of the Excellent Project Manager Training Camp for key roles of R&D project managers. This program focused on building core competencies in project management, team management, product line planning, and system design. By employing a variety of methods including lectures, hands-on practice, periodic evaluations, skill discussions, and case studies, the training helped project managers quickly master essential job skills and improve their job competency.





## Academic Exchange

Yuwell Medical prioritizes research funding and vigorously engages in academic exchanges with external research bodies and higher education institutions. In 2023, we collaborated with external professional organizations and invited leading industry experts as guest lecturers to conduct numerous external exchanges and training sessions for various departments and subsidiaries within the Group. These efforts significantly contributed to sparking team innovation, expanding the vision of our technical staff, acquiring the latest advancements, and enhancing knowledge exchange and sharing among our employees.

### Case Health Management and Respiratory Oxygen Therapist Training Course



The Yuwell Learning and Development Center, in collaboration with the Medical School of Jiangsu University, has assembled a distinguished team of professors from Jiangsu University and experts from the medical industry to conduct the Yuwell Medical Health Management and Respiratory Oxygen Therapist Training Course. The training course concentrated on the treatment of home respiratory and oxygen therapy, along with chronic disease management, from both domestic and global perspectives. It presented scientific theories, dissected crucial techniques and methods, tracked the latest international research advancements, and discussed pathways for the development of the health industry. Moreover, the training course offers a specialized training platform for participants to enhance their clinical knowledge in home ventilator therapy, oxygen therapy, and chronic disease management, while also improving their technical proficiency and practical skills.

### Case Industry-Academia-Research Collaboration Projects of Yuwell Medical's POCTech Team

Since 2023, Yuwell POCTech has established industry-university-research collaboration projects with the University of Shanghai for Science and Technology and the Nanjing University of Posts and Telecommunications to build internship research bases together. This initiative focuses on talent development, technological innovation, and industrial upgrading. It aims to help university students understand industry trends and corporate dynamics while facilitating the sharing of the latest industry research achievements between enterprises and universities. Through talent interchange, the initiative champions technological progress.



## Performance Evaluation and Feedback for Employees

Yuwell Medical is committed to building a performance-oriented corporate culture that fosters a positive working atmosphere and shared values. Performance management serves as a crucial link in executing operational plans and aligning them with corporate strategies. Annually, the Company breaks down its strategies, ensuring they are implemented at every level of the organization, from departments to teams, and down to each employee. This structured approach guarantees that both individual and departmental performances align with the organizational strategic goals. Ultimately, this converts corporate strategies into daily activities for each employee, ensuring the successful implementation and achievement of desired outcomes.

The Company actively promotes a correct understanding of performance management among all employees by establishing effective communication mechanisms and thoroughly disseminating its principles. For high-performing employees, we employ a combination of material and non-material incentives to maximize their motivation. For those with less satisfactory performance, we promptly create effective improvement plans to facilitate rapid progress. Additionally, mechanisms for performance appeals, disciplinary complaints, and investigative interviews are implemented at every stage

to protect the rights and interests of all employees and ensure the objectivity, fairness, and integrity of the performance management system.

For mid and senior-level employees, Yuwell Medical implements a 360-degree evaluation system. The assessment includes distributing survey questionnaires to the evaluated individuals' supervisors, colleagues, subordinates, and collaborating departments. This system is divided into three main stages, covering the entire process of the performance evaluation system to enhance the fairness of performance assessments. In the preparation phase, differentiated survey questionnaires are designed based on the assessment objectives for various groups; all related individuals, including evaluators and those being evaluated, are introduced to the 360-degree tools. During the assessment phase, the process is conducted anonymously to strictly maintain privacy rights and the confidentiality of assessment reports, fostering a relaxed and free assessment environment. In the feedback phase, through feedback from all sides, evaluated individuals receive insights and coaching, helping them understand their strengths and weaknesses more comprehensively, recognize the Company and superiors' expectations, and identify gaps, encouraging them to define directions for future improvement and development.

## Occupational Health and Safety

### Improve the Management Mechanism

Yuwell Medical strictly abides by the laws and regulations including the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, the *Regulations on the Safety Management of Hazardous Chemicals*, and the *Provisions on the Administration of Occupational Health in Workplaces*. Additionally, the Company adheres to the requirements of the ISO 45001 management system and established rules and regulations such as the *EHS Management Manual* and the *Measures for Management of Work-related Injury Accidents*. The general manager is in charge of the Company's safety production, identifying and preventing health and safety risks.

Investment in health and safety: RMB

**4.46** million

The parent company of Yuwell Medical **obtained the ISO 45001 Occupational Health and Safety Management System certification**

Total number of specialized training sessions conducted across all production systems throughout the year

**66**

The coverage rate of health and safety training

**100%**

Number of work-related deaths among employees

**0**

Note: The statistics are based on Yuwell Medical's parent company.



## Ensuring the Health of Employees

Yuwell Medical places a high emphasis on enhancing employees' awareness and understanding of safety issues. The Company conducts three types of safety education for all employees and establishes both online and offline learning platforms to increase production efficiency and competitiveness, all while ensuring the personal safety of its employees and others. We have also implemented a proactive safety mechanism at production sites, including graded safety measures. At high-risk work areas and locations, safety reminders and barriers are in place, and optical grating sensors are installed on machines like stamping presses and bending equipment to prevent mechanical injuries. Additionally, regular health screenings are organized for employees to prevent occupational diseases and sudden illnesses, and safety hazards are regularly identified and mitigated to continually improve the working environment for employees.

### Training for Production Safety

We have made the promotion of our production safety management mechanisms a standard practice. In line with production schedules, we regularly hold training sessions to ensure that key position employees clearly understand their safety responsibilities and that the management team enforces critical policies, thereby protecting the occupational health and safety of our employees.



### Promotion and Training for Fire Protection and Traffic Safety

Two fire protection drills covering all employees are held regularly every year to enhance employees' awareness of fire protection. Additionally, promotion and training for fire protection and traffic safety are conducted periodically, with a total of 13 training sessions held throughout the year, accumulating 1,288 attendances.



Fire protection training site



### Training for First Aid

Correct usage of cardiopulmonary resuscitation and AED are compulsory courses for all our employees. A total of 6 training sessions were conducted throughout the year, with 308 attendances. Online first aid courses have been launched, with 337 people completing the training and examination.



Providing first aid training to in-house staff

## Building a Happy Yuwell

### Humanistic Care

Yuwell Medical has always been committed to the health and happiness of its employees, advocating the philosophy of working hard and living happily. We encourage a balance between work and life to create a harmonious and healthy work environment, and offer comprehensive humanistic care to our employees in various ways. For their physical and mental well-being, we regularly organize sports competitions and cultural activities to provide relaxation and adjustment. In terms of daily life, we actively provide various convenient services. In terms of employees' families, we create a Home for Employees and build a warm and happy workplace through a series of actions such as support visits, and love funds.

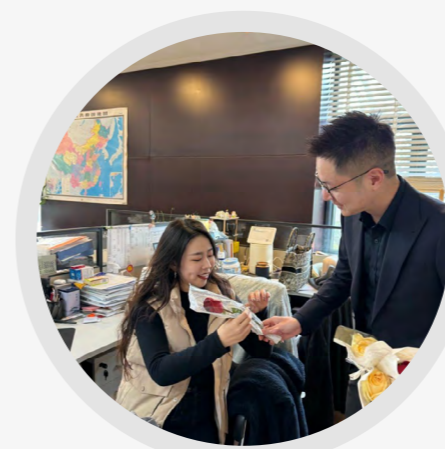
Visiting retired employees and employees in need



Inviting employees' families to visit the Company on Yuwell Family Day



Establishing Yuwell Charity Foundation to help employees with family difficulties every year



Giving gifts to female employees on International Working Women's Day





## Diversity and Equal Opportunities

Yuwell Medical adheres to international human rights norms such as the *International Bill of Human Rights*, the *International Labour Convention*, the *ILO Declaration on Fundamental Principles and Rights at Work*, and the *United Nations Guiding Principles on Business and Human Rights*, as well as the laws, regulations, and policies of the locations in which it operates. Adhering to the principles of openness, fairness, and justice, Yuwell Medical rigorously standardizes the entire talent recruitment process. The Company ensures there is no discrimination based on gender, education, age, race, family status, religious beliefs, or cultural background. It strictly forbids child labor, forced labor, and any other illegal employment practices, as well as those that contravene policy regulations, ensuring equal employment and development opportunities for every employee. During the reporting period, Yuwell Medical has not encountered any incidents involving child labor, forced labor, or employee discrimination.

We create a healthy, comfortable, youthful, and modern working environment for all employees. Annually, the "618 Online Shopping Festival" and "Double 11" events become company-wide efforts of collaboration and hard work. We also organize activities such as International Women's Day events, the Yuwell Chairman's Cup Basketball Tournament, and the Yuwell Supercar Mini Team each year, promoting a philosophy of "diversity and inclusion, hard work, and happy living."

The Company makes every effort to create a diverse, equal, and inclusive working atmosphere by regularly conducting communication between superiors and subordinates, HRBP interviews, and team activities. This strengthens communication and understanding among employees, promoting cultural integration and more efficient team collaboration, thereby creating a diverse, equal, and inclusive working atmosphere. On top of that, the Company promotes inclusive workplaces for individuals with disabilities, helping more of them achieve dignified employment. By the end of 2023, the Company had a total of 135 ethnic minority employees and 14 employees with disabilities.

For female employees, Yuwell Medical provides equal career opportunities and guarantees equal salary and benefits. The Company seeks a female-friendly working environment by providing material welfare and improving relevant systems to promote diversity and inclusiveness in workplaces. We ensure that female employees enjoy full prenatal check-up leave, maternity leave, and breastfeeding leave, and encourage male employees to take parental leave during their spouses' childbirth. After returning to work, female employees are given the necessary time based on their physical condition and are encouraged to gradually resume their duties and take time to adapt to the work status after returning from childbirth. Yuwell Medical also provides fair training and promotion opportunities for female employees to accelerate their progress and enhance their diversified skills. Female employees are encouraged to break through career ceilings, take on key positions, assume important roles, and explore more possibilities for career development in the Company.



Hosting YUWELL DAY to strengthen staff unity

Percentage of female employees among reserve management talent

35%



Percentage of female employees in technology R&D roles

29%



The proportion of female employees in middle and senior management

29%



### Case

#### Diversified Measures Adopted by Yuwell Medical's Thai Branch

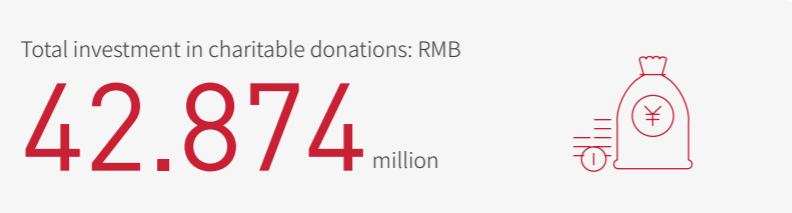
As a company advocating fairness, our Thai branch strictly adheres to the principles of equality, confidentiality, respect, and anti-harassment in the talent recruitment process, providing a fair employment environment for every qualified candidate. During the interview, it is prohibited to inquire about religious beliefs, family status, age, and other information of the interviewees to avoid implicit discrimination caused by stereotypes. After employees are hired, the Thai branch organizes birthday parties and holiday events to help employees better integrate into the team and adapt to the corporate culture. It endeavors to build diversity while working to be closer to employees and create a diverse and inclusive working environment.





## Safeguarding Life and Health

Guided by the mission of Alleviating patient suffering and enhancing doctors' medical skills, Yuwell Medical constantly explores philanthropic models that align with the development of the times and social demands. With our expertise in medical devices and industry experience, we are committed to fulfilling our corporate responsibilities.



## Dedicated to Emergency Medical Assistance

Over the past 50 years, Yuwell Primedic has been dedicated to the emergency service sector, protecting lives worldwide. In China, over 10,000 individuals have obtained certification as first aid volunteers through Yuwell Primedic's first aid training program. Globally, the Yuwell Primedic rescue ecosystem extends to over 100 countries, saving hundreds of lives annually. Yuwell Primedic has also founded the Flying Fish Rescue Team, collaborating with professional event safeguarding organizations to provide free support for over a thousand global marathon events. This has led to the successful rescue of dozens of runners experiencing sudden cardiac arrest.

### Case Supporting the 6th "Medical League Competition: Following Xuanzang's Footsteps"

In 2023, the 6th "Medical League Competition: Following Xuanzang's Footsteps" was grandly held in Guazhou, Gansu Province. Medical professionals from all over China gathered in the Gobi Desert to take on the 81-kilometer hiking challenge. The course of this "Medical League Competition" included various terrains such as deserts, the Gobi Desert and canyons, presenting participants with significant physical challenges in high temperatures and intense sunlight throughout the entire journey. Yuwell Medical extended full medical equipment support throughout the event, offering participants the the new-generation dynamic glucose meter Anytime CT3, blood pressure monitors, and other products to help them effectively monitor their health status. Furthermore, the rescue teams were equipped with the Yuwell Primedic Y-series automated external defibrillators (AEDs), capable of withstanding falls from heights of up to 1.6 meters and delivering rapid 6-second rescue responses. These measures ensured the safety and well-being of all participants, contributing to the successful completion of the event.



### Case Public Welfare Training Project "One Hundred Training Sessions Enter the Community"

Yuwell Primedic is actively engaged in nationwide public welfare training sessions, reaching into schools, enterprises, communities, and government agencies. Through initiatives like One Hundred Emergency First Aid Training Sessions and Last Mile Emergency Aid, Yuwell Primedic aims to address the challenge of the public's lack of knowledge and confidence in using emergency medical equipment, improving pre-hospital emergency care efficiency and boosting patient survival rates. Yuwell Primedic intends to set up emergency training centers in 100 cities and 1000 counties, equipping them with essential emergency medical equipment such as automated external defibrillators (AEDs), cardiopulmonary resuscitation (CPR) training manikins, blood pressure monitors, thermometers, and first aid kits. These devices will also serve as interactive teaching tools. Each week, public emergency training courses will be conducted covering four key areas: chronic disease detection, health awareness, volunteer services, and rescue training, aiming to enhance medical treatment capabilities at the grassroots level.



We have delivered nearly a thousand specialized training sessions to medical institutions, public organizations, enterprises, and academic institutions. We leverage Internet of Things (IoT) technology to broaden the scope of the emergency response system, encompassing AED device locations, first aid volunteers, hospitals, and maintenance services.



Partnering with Tencent, we conducted a four-day emergency training program in Beijing for 150 delivery riders from Meituan.



## Committed to Diabetes Care

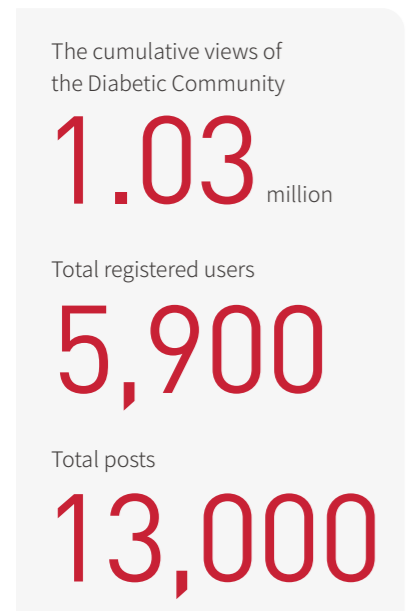
Diabetes, characterized by elevated levels of blood sugar due to hormonal imbalances and subsequent multi-organ damage, ranks among the world's most prevalent chronic diseases. Yuwell Medical is deeply committed to chronic disease management, collaborating with media, hospitals, and other professional organizations to promote diabetes prevention and control. Together with the residents' committees, we organize free clinic events, extending care and support to individuals affected by diabetes.



In collaboration with Jiangsu Provincial People's Hospital and Affiliated Hospital of Jiangsu University, Yuwell Medical organized the charity event "Towards the Future - Health Summer Camp." More than a hundred type 1 diabetes patients from provinces and cities such as Jiangsu, Anhui, Henan, and Guangdong were invited to join the camp.


Yuwell Medical has founded the "Yuwell Diabetic Community" as a hub for diabetes patients to connect and engage, covering various types of diabetes such as Type 1 diabetes (T1D), Type 2 diabetes (T2D), and gestational diabetes.

In partnership with Xinhua News Agency, Yuwell Medical co-produced the diabetes public welfare short film "Out-of-control Sweetness." Renowned experts from Grade 3A hospitals were invited to underscore the importance of blood sugar monitoring, advocating for increased awareness of the 140 million diabetes patients in China. The initiative garnered widespread societal attention, reaching more than 8.919 million views.



## Contributing to Rural Revitalization

Over the years, Yuwell Medical has been supporting education by donating funds to various charitable education organizations, including the Nanjing Normal University Education Development Foundation, Guangdong Youth Development Foundation, and Shanghai Educational Development Foundation. The Company has established education support funds and scholarships, and donated funds for the construction of "Yuwell Buildings" in multiple schools. We have also been supporting the "Rural Health Initiative" by providing medical kits to the Jack Ma Rural Teachers Initiative, aimed at promoting the physical health of rural educators, for five consecutive years. Furthermore, we have donated nearly 20,000 5-liter medical-grade oxygen concentrators to grassroots medical and health institutions in central and western rural areas, benefiting a total of 19,131 town-level hospitals across 22 provinces, autonomous regions and municipalities as well as the Xinjiang Production and Construction Corps (XPCC). Through charitable organizations such as the China Charity Federation (CCF), Xianyang Red Cross Society, Jiangsu Social Donation Center, and Shanghai Charity Foundation, we have donated funds and essential medical equipment to support rural revitalization projects and nursing homes across multiple regions. These contributions have further strengthened the health management and disease prevention capabilities in rural areas of central and western China.



Delivery time in urban areas of Xizang: within **1** hour

Delivery time in remote regions of Xizang: within **1** day

### Case Alleviating Oxygen Supply Challenges in Xizang

In 2018, the Company established the Yuwell Medical Highland Oxygen Production Industry Park in Lasa, Xizang, to help alleviate oxygen supply challenges in high-altitude regions. This facility integrates advanced manufacturing, assembly, warehousing, and service capabilities to offer a wide range of highland oxygen concentrators, such as centralized diffusion, split-type diffusion, micro-pressure oxygen cabins, cabin-style, portable, vehicle-mounted, and individual nasal suction, meeting the diverse oxygen needs of people living in high-altitude regions. We have introduced an innovative "1+1 service model", combining grid-based, standardized services with a smart remote monitoring platform to achieve delivery within one hour in urban areas of Xizang and within one day in remote regions of Xizang. Our staff has ventured into high-altitude outposts over 5,000 meters above sea level multiple times to deliver high-quality and reliable highland oxygen concentrators to residents, aid workers, and stationed troops in Xizang. Additionally, the Company has partnered with Alibaba to launch the "Angel Journey - Highland Health Action," donating oxygen concentrators worth RMB 5 million to less developed areas of the Qinghai-Xizang Plateau to ensure a stable oxygen supply in highland regions.





**Special Focus**

**Infusing Life with Oxygen**

Pneumoconiosis stands as the leading occupational disease in China, accounting for over 80% of all occupational diseases. Individuals who are exposed to high levels of dust in their workplace for extended periods are at risk of lung damage. Frontline workers in industries such as coal mining, textiles, welding, tunnel construction, drilling and carving are susceptible to the disease. Since 2017, Yuwell Medical has been collaborating with the Love Save Pneumoconiosis charity organization, adhering to the principle of alleviating patient suffering and enhancing doctors' medical skills. Together, we have been conducting a series of philanthropic initiatives aimed at supporting farmers afflicted with pneumoconiosis, offering constant aid to affected families.

**In 2017**

The Company partnered with Love Save Pneumoconiosis to launch the "Walk for Two Kilometers" charity event, encouraging the public to convert their walking steps into donations for the organization. Over nearly a month, the compassionate initiative has engaged 230,000 individuals, raising RMB 700,000 in donations. These funds have been allocated towards the construction of Love Save Pneumoconiosis Chaiping Rehabilitation Center, rehabilitation training for over 300 pneumoconiosis-afflicted farmers, and the treatment of critically ill patients.



Yuwell Medical and Love Save Pneumoconiosis have collaborated on the "Walk for Two Kilometers" charity project.

**In 2018**

Yuwell Medical partnered with Love Save Pneumoconiosis to launch the "Love Save Pneumoconiosis - Aid for Farmers Afflicted with Pneumoconiosis" charity project in eight specialized stores under the Yuwell flagship store. This initiative sought to increase awareness among consumers and encourage their support for farmers affected by pneumoconiosis.

**In 2019**

Yuwell Medical and Love Save Pneumoconiosis co-hosted the "Lung Capacity Challenge" event, both online and offline, to raise awareness about farmers suffering from pneumoconiosis and to encourage broader public participation in assisting them. The event won support from 40 celebrity artists and students from 102 universities, with the Weibo hashtag #LungCapacityChallenge# accumulating over 60 million views.



**From 2019 to 2020**

Adhering to the *Action Plan on the Prevention and Treatment of Pneumoconiosis* and the *Notice on the Pilot Implementation of Pneumoconiosis Rehabilitation Stations (Rehabilitation Points) in Grassroots Medical Institutions*, Yuwell Medical actively collaborated with Love Save Pneumoconiosis to establish rehabilitation stations, creating a comprehensive network of rehabilitation services extending from urban to rural areas and from communities to individuals. The services were designed to include "rehabilitation guidance, health education, health monitoring and assessment, psychological intervention, entrepreneurship support, and advocacy for occupational disease prevention and control".

Establishing a Total of

**14** Rehabilitation Stations



Since the establishment of the rehabilitation center in Sanchuan Town, Luanchuan County, Luoyang City, Mr. Chen, a stage III pneumoconiosis patient, has persisted in participating in rehabilitation training at the center. According to long-term health monitoring, his six-minute walking test results have increased from a minimum of 406 meters to a maximum of 547 meters, indicating a significant improvement in his endurance. Since joining the rehabilitation center for training, he has not been hospitalized for pneumoconiosis again.

Although rehabilitation centers can alleviate basic physical ailments for pneumoconiosis farmers, they still face a series of life challenges such as reintegrating into society, easing family pressures, and finding new job opportunities. Yuwell Medical, in partnership with Love Save Pneumoconiosis, proactively engaged with patients and their families, providing ongoing medical treatment, psychological counseling, and guidance on entrepreneurship and employment, paving the way for a long-term, stable, and dependable life for farmers after rehabilitation. Working alongside Love Save Pneumoconiosis, the Company has recognized that aiding financially disadvantaged children in completing their education is the most effective means of breaking the cycle of poverty. By the end of 2023, we have continued to extend support to pneumoconiosis-affected families by providing educational assistance funds to their children in primary, middle, and high schools across more than ten provinces and cities nationwide, including Shaanxi, Henan, Chongqing, and Qinghai.

**In 2023**

Yuwell Medical partnered with Love Save Pneumoconiosis to organize the "Solar Terms in Children's Paintings" drawing collection activity, encouraging children from families affected by pneumoconiosis to depict the beauty of the twenty-four solar terms through their artwork. This initiative aimed to raise awareness about the challenges faced by children from pneumoconiosis-affected families. Through this educational initiative, the Company raised RMB 55,000 in donations, which were distributed to eight provinces and cities including Sichuan, Chongqing, and Hunan, supporting more than 50 children from pneumoconiosis-affected families to pursue their education.





# Key Performance Table

## Corporate Governance

### Business Ethics and Anti-corruption

| Indicator  | Unit  | 2023 |
|--|-------|------|
| Anti-corruption training coverage for key positions: | %     | 100% |
| Average anti-corruption training time per employee:  | hours | 2    |

## Environmental Performance

### Environmental Management

| Indicator                                    | Unit        | 2023   |
|--|-------------|--------|
| Total investment in environmental protection | Million RMB | 7.0168 |
| Environmental protection training coverage   | %           | 100%   |
| Environmental incidents throughout the year  | cases       | 0      |

### Energy Use and Greenhouse Gas Emissions

| Indicator                                      | Unit   | 2023      |
|--|--|-----------|
| Gasoline                                       | Tons   | 76.40     |
| Diesel   | Tons   | 33.27     |
| Natural gas                                    | Cubic meters<br>(×10,000)                                    | 86.23     |
| Purchased electricity                          | Kilowatt-hours<br>(×10,000)                                  | 3,492.32  |
| Total energy consumption                       | Tons of standard coal  | 5,600.27  |
| Energy consumption intensity                   | Tons of standard coal/<br>RMB 10,000 of revenue              | 0.0070    |
| Direct greenhouse gas emissions (Scope 1)      | Tons of CO <sub>2</sub> equivalent                           | 2,201.36  |
| Indirect greenhouse gas emissions (Scope 2)    | Tons of CO <sub>2</sub> equivalent                           | 19,916.69 |
| Total greenhouse gas emissions (Scope 1 and 2) | Tons of CO <sub>2</sub> equivalent                           | 22,118.05 |
| Greenhouse gas emission intensity              | Tons of CO <sub>2</sub> equivalent/<br>RMB 10,000 of revenue | 0.0277    |

## Water Utilization

| Indicator                   | Unit                         | 2023      |
|-----------------------------|------------------------------|-----------|
| Water intake                | Tons                         | 561,377.9 |
| Water consumption intensity | Tons / RMB 10,000 of revenue | 0.70      |
| Recycled water consumption  | Tons                         | 35        |

## Emissions and Waste

| Indicator                                      | Unit                       | 2023      |        |
|--|----------------------------|-----------|--------|
| Waste emission compliance rate                 | %                          | 100%      |        |
| Wastewater discharge                           | Tons                       | 3,566     |        |
| Total volume of hazardous waste discharged     | Tons                       | 48.38     |        |
| Total volume of non-hazardous waste discharged | Tons                       | 245.58    |        |
| Organized waste gas emissions <sup>1</sup>     | Alkali mist                | Tons/year | 0.38   |
|  | Sulfur dioxide             | Tons/year | 0.17   |
|  | Nitrogen oxides            | Tons/year | 1.077  |
|  | Smoke and dust             | Tons/year | 0.9518 |
| Unorganized waste gas emissions <sup>2</sup>   | Volatile organic compounds | Tons/year | 0.0558 |
|  | Alkali mist                | Tons/year | 0.15   |
|  | Sulfur dioxide             | Tons/year | 0.062  |
|  | Nitrogen oxides            | Tons/year | 0.007  |
|  | Smoke and dust             | Tons/year | 0.042  |
| Volatile organic compounds                     | Tons/year                  | 0.798     |        |

Note 1, 2: The statistical scope for organized and unorganized waste gas emissions pertains to the parent company of Yuwell Medical.

## Social Performance

### R&D Innovation

| Indicator                                 | Unit        | 2023     |
|---|-------------|----------|
| Total R&D investment                      | Million RMB | 504.3712 |
| R&D investment as a percentage of revenue | %           | 6.33%    |

**Customer Rights**

| Indicator                        | Unit | 2023   |
|----------------------------------|------|--------|
| Customer complaint handling rate | %    | 100%   |
| B2B customer satisfaction rate   | %    | 96.2%  |
| B2C customer satisfaction rate   | %    | 97.25% |

**Social Performance**

**Supply Chain Management**

| Indicator  | Unit      | 2023 |
|--|-----------|------|
| Number of suppliers certified to quality management systems                        | Companies | 481  |
| Number of suppliers certified to occupational health and safety management systems | Companies | 72   |
| Number of suppliers certified to environmental management systems                  | Companies | 166  |

**Employment**

| Indicator   | Unit    | 2023  |
|---|---------|-------|
| Total number of employees                                 | Persons | 6,114 |
| Number of employees recruited during the reporting period | Persons | 1,247 |
| Number of newly recruited graduates                       | Persons | 68    |
| <b>Number of employees by gender</b>                      |         |       |
| Male employees  | Persons | 3,482 |
| Female employees  | Persons | 2,632 |
| <b>Number of employees by age</b>                         |         |       |
| Employees aged 30 and under                               | Persons | 1,586 |
| Employees aged 30-50                                      | Persons | 3,902 |
| Employees aged 51 and above                               | Persons | 626   |
| <b>Number of employees by hierarchical level</b>          |         |       |
| Senior management   | Persons | 135   |
| Middle management   | Persons | 306   |
| Entry-level employees                                     | Persons | 5,673 |
| <b>Number of employees by educational level</b>           |         |       |
| Employees with bachelor's degree or above                 | Persons | 2,081 |

| Indicator  | Unit    | 2023   |
|--|---------|--------|
| Employees with college degree  | Persons | 1,559  |
| Employees with less than a college degree                                | Persons | 2,474  |
| <b>Number of employees by region</b>                                     |         |        |
| Chinese employees (including employees from Hong Kong, Macao and Taiwan) | Persons | 6,020  |
| Overseas employees   | Persons | 94     |
| Employee satisfaction  | %       | 83.6%  |
| Employee turnover rate   | %       | 19.92% |

**Equality and Diversity**

| Indicator  | Unit  | 2023 |
|--|-------|------|
| Incidents of employee discrimination/harassment                    | Cases | 0    |
| The proportion of female employees in middle and senior management | %     | 29%  |

**Supply Chain Management**

| Indicator  | Unit        | 2023    |
|--|-------------|---------|
| Total investment in employee training            | Million RMB | 10.0767 |
| Total attendance of training throughout the year | Attendances | 34,356  |
| Total employee training hours                    | Hours       | 171,780 |
| Annual training hours per employee               | Hours       | 24.7    |

**Occupational Health and Safety**

| Indicator   | Unit        | 2023 |
|---|-------------|------|
| Investment in health and safety                             | Million RMB | 4.46 |
| Health and safety training coverage                         | %           | 100% |
| Number of employee fatalities due to work-related incidents | Persons     | 0    |

**Public Welfare**

| Indicator                                | Unit        | 2023   |
|--|-------------|--------|
| Total investment in charitable donations | Million RMB | 42.874 |



## About This Report

This report is the inaugural sustainability report of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (referred to as "Yuwell Medical"). It follows principles of objectivity, standardization, transparency, and comprehensiveness to disclose the Company's sustainability philosophy, management practices, and performance, thoroughly responding to major concerns of stakeholders.

### Reporting Scope

The report highlights the information and key performance of Yuwell Medical and its subsidiaries in fulfilling governance, social, and environmental responsibilities in 2023.

### Definition of Terms

For ease of expression and reading, Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. is referred to as "Yuwell Medical", "the Company" or "we" in this report.

### Timeframe

This report covers the period from January 1, 2023, to December 31, 2023. Some content may be extended beyond this timeframe as deemed appropriate. This report is an annual report.

### Reporting Principles

This report has been compiled according to the *GRI Standards* by the Global Sustainability Standards Board, the Shenzhen Stock Exchange's *Guideline No.17 for Listed Companies on Sustainable Development Reporting* (Trial), the *Environmental, Social, and Governance (ESG) Reporting Guide* by the Hong Kong Stock Exchange, the national standard *Guidance on Social Responsibility Reporting* (GB/T36001-2015), and the guide for business action on the United Nations Sustainable Development Goals (SDGs).

### Reporting Principles

This report adheres to the principles of materiality, quantification, balance, and consistency.

### Source of Information

All the information and data used in the report are sourced from the Company's official documents statistical reports, and financial statements, as well as information on sustainable development practices of each unit that have been gathered and reviewed by the responsibility management department of the Company. Unless otherwise specified, all monetary amounts mentioned in this report are measured in RMB.

### Assurance of Accuracy

The Company assures that this report contains no false records, misleading statements, or significant omissions, and is accountable for the authenticity and accuracy of its content.

### Report Access

This report is available in both print and PDF formats. You are welcome to visit the Yuwell Medical website ([www.yuwell.com](http://www.yuwell.com)) or the CNINFO website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) to access the electronic version of the report. In our ongoing efforts to improve our reporting process, we value your feedback and suggestions. Should you have any questions or suggestions about the report, please email [yuwellzqb@yuyue.com.cn](mailto:yuwellzqb@yuyue.com.cn), or contact us at 0511-86900876.

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