

Suofeiya Home Collection Co., Ltd

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT (2024)



FOREWORD



Report Overview

This is the 8th annual ESG report published by Suofeiya Home Collection Co., Ltd. It aims to comprehensively and objectively reflect the company's practices and achievements in environmental protection, social responsibility, and corporate governance in 2024, further strengthening communication and connection with various stakeholders.

Compilation Basis

- Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)
- International Organization for Standardization (ISO) 26000: 2010 Guidance on Social Responsibility
- United Nations Sustainable Development Goals (SDGs) Business Action Guidelines
- Chinese Academy of Social Sciences (CASS) – the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises – Basic Framework (CASS–ESG 5.0)
- Research on the Compilation of ESG Special Reports for Centrally Administered State-Owned Enterprises' Listed Subsidiaries by State-owned Assets Supervision and Administration Commission (SASAC) of the State Council
- ESG Reporting Rating Standards for Chinese Enterprises (2025) (Consultation Draft)
- Guideline No. 1 on Self-Regulation of Listed Companies of Shenzhen Stock Exchange – Standardized Operation of Listed Companies on the Main Board
- Guideline No. 3 on Self-Regulation of Listed Companies of Shenzhen Stock Exchange – Sustainable Development Report Preparation
- Guideline No. 17 on Self-Regulation of Listed Companies of Shenzhen Stock Exchange – Sustainable Development Report (Trial)

Time Frame

This annual report covers the period from January 1, 2024, to December 31, 2024. Some content may reference previous years where appropriate.

Terminology Explanation

For the convenience of expression and reading, the terms "Suofeiya," "the Company," "the enterprise," and "we" in this report all refer to "Suofeiya Home Collection Co., Ltd."

Data Sources

The textual material and case studies in this report primarily come from the company's statistical data, relevant documents, and internal communications. The financial data in the report is sourced from the company's audited 2024 annual report, while other data is based on internal statistics. Unless otherwise specified, the currency type and amounts mentioned in the report are in RMB. The company assures that the content of this report does not contain any false records, misleading statements, or significant omissions and is responsible for the truthfulness, accuracy, and completeness of the content.

Report Access

This report is available in both Chinese and English versions for readers' reference. It can be downloaded from Suofeiya Home Collection Co., Ltd.'s official website (<http://www.sfygroup.com>) or the CNINFO website (<http://www.cninfo.com.cn>).

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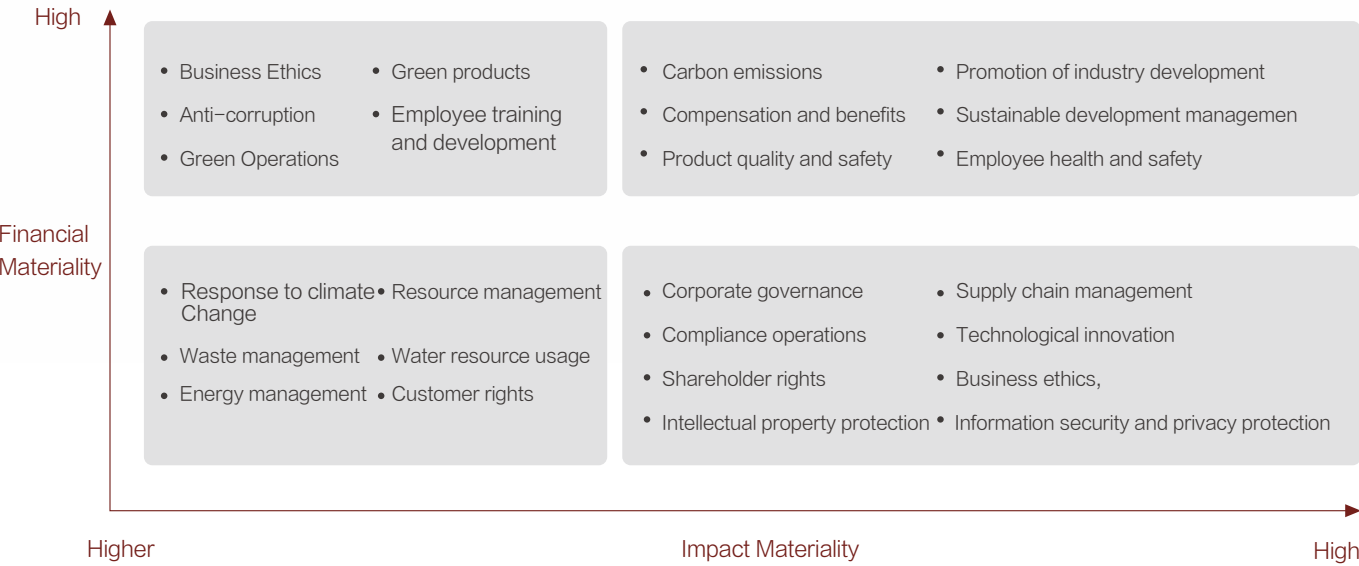
Stakeholder Communication

The company continuously improves its stakeholder communication management system, utilizing various channels such as regular surveys, work interviews, and online communication to promptly and transparently convey information. This strengthens interactions with shareholders, employees, customers, and communities, building an open, inclusive, and cooperative relationship. By innovatively introducing digital technologies, conducting online surveys, holding regular meetings, and organizing open day events, the company achieves two-way information exchange, gains a deeper understanding of the needs of all parties, formulates personalized communication strategies, and enhances stakeholders' understanding of and support for the company. This fosters trust and collaboration, effectively promoting the co-creation of social value and laying a solid foundation for the company's sustainable development.

Stakeholders	Focus Areas	Communication Channels
Government and Regulatory Agencies	Corporate Governance Tax	Compliance Operations
	Compliance Employment	Tax Compliance
	Promotion Carbon	Supervision and Assessment
	Emissions Management	Regular Reports or Presentations
	Pollution Control	Special Meetings
	Information Security and Privacy	Questionnaire Surveys
	Protection Occupational Health and Safety	Anti-Corruption Mechanisms
Shareholders and Investors	Sustainable Operations	Shareholder Meetings
	Risk Management and Compliance	Information Disclosure
	Investor Relations	Investor Communication Meetings
	R&D and Innovation	Official Website
Employees	Compliance Employment	Staff Representative Meetings
	Compensation and Benefits	Employee Meetings
	Work Safety	Employee Training
	Career Development	Training and Corporate Culture Activities
Customers	Protection of Customer Rights	Information Confidentiality, After-Sales Service Mechanism
	High-Quality Products	Design, Quality, and Technology Iteration
	Professional Services	Satisfaction Surveys (CSI/DSI)
Suppliers/Partners	Transparent Procurement	Supply Chain Management System
	Win-Win Cooperation	Cost Reduction and Efficiency Improvement
	Industry Ecosystem	Joint R&D Supplier Conferences
Media	Swift Response to Public Opinion Events	Proactively Accept Media Interviews
	Provide Authoritative and Transparent Company Information	Respond to Social Concerns, Post Company Updates on Official Website, WeChat Official Account, etc.
General Public	Participation in Community Development	Fulfill Social Responsibilities
	Active Involvement in Public Welfare	Engage in Public Welfare Activities
		Create Employment Opportunities
		Volunteering

ESG Key Issues Analysis

Following the substantive issue analysis method provided by the Global Reporting Initiative (GRI), the Company identified 25 key ESG issues. These issues were assessed based on their impact on the economy, environment, and society, as well as their importance to stakeholders' decision-making. This led to the creation of the ESG Key Issues Matrix. These issues cover:





ABOUT SUOFEIYA

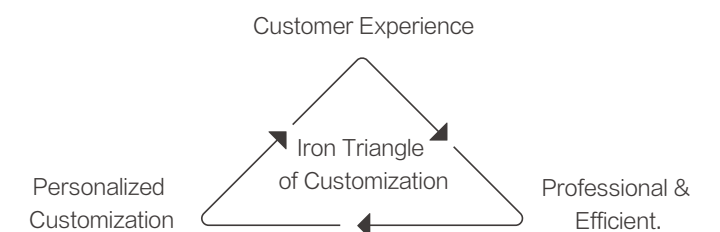
Company Overview

Suofeiya Home Collection Co., Ltd. was founded in 2003 and has been deeply involved in the Chinese home furnishing market for over two decades. As one of the pioneers in introducing the concept of "customized closets" in China, Suofeiya successfully brought customized closets to the market and gained recognition from Chinese consumers with its innovative product concept, combining customized closets and sliding doors for closets. Suofeiya is committed to providing consumers with comprehensive customized home furnishing solutions, engaging in the design, development, production, and sales of whole-house furniture, including closets, cabinets, doors and windows, wall panels, flooring, household goods, appliances, and sanitary ware. In 2011, Suofeiya was successfully listed on the Shenzhen Stock Exchange, becoming the first A-share listed company in the industry (Stock Code: 002572).

Corporate Culture

Mission	Decorating Homes Easily with Technology and Creativity, Integrating Beauty of the World into New Life.
Vision	Providing Customers with a Good Experience through Personalized Design and Efficient Operation and Becoming a Trustworthy World-leading Home Furnishing Company.
Core Values	Customer Foremost, Innovation and Sharing, Professional and Efficient, Honest and Progressive.

Business Philosophy



SUSTAINABLE 01 GOVERNANCE

ESG

ENVIRONMENTAL

SOCIAL

GOVERNANCE

Sustainable Development Governance

Suofeiya is committed to responding to national sustainable development policies, with the vision of “providing customers with a wonderful experience through personalized design and efficient operations, becoming a trustworthy and globally leading home furnishing enterprise.” The Company adheres to its core values of “Customer Foremost, Innovation and Sharing, Professional and Efficient, Honest and Progressive,” advancing the deep integration of ESG principles into the Company’s value chain. The Company has established a three-level linkage system of "Strategic Decision-Making – Coordinated Management – Efficient Execution" to ensure the effective implementation of sustainable development strategies.

Strategic Decision-Making

The Board of Directors is the highest decision-making body for the ESG management system, responsible for strategic decisions, issue evaluation, and supervising implementation.

Coordinated Management

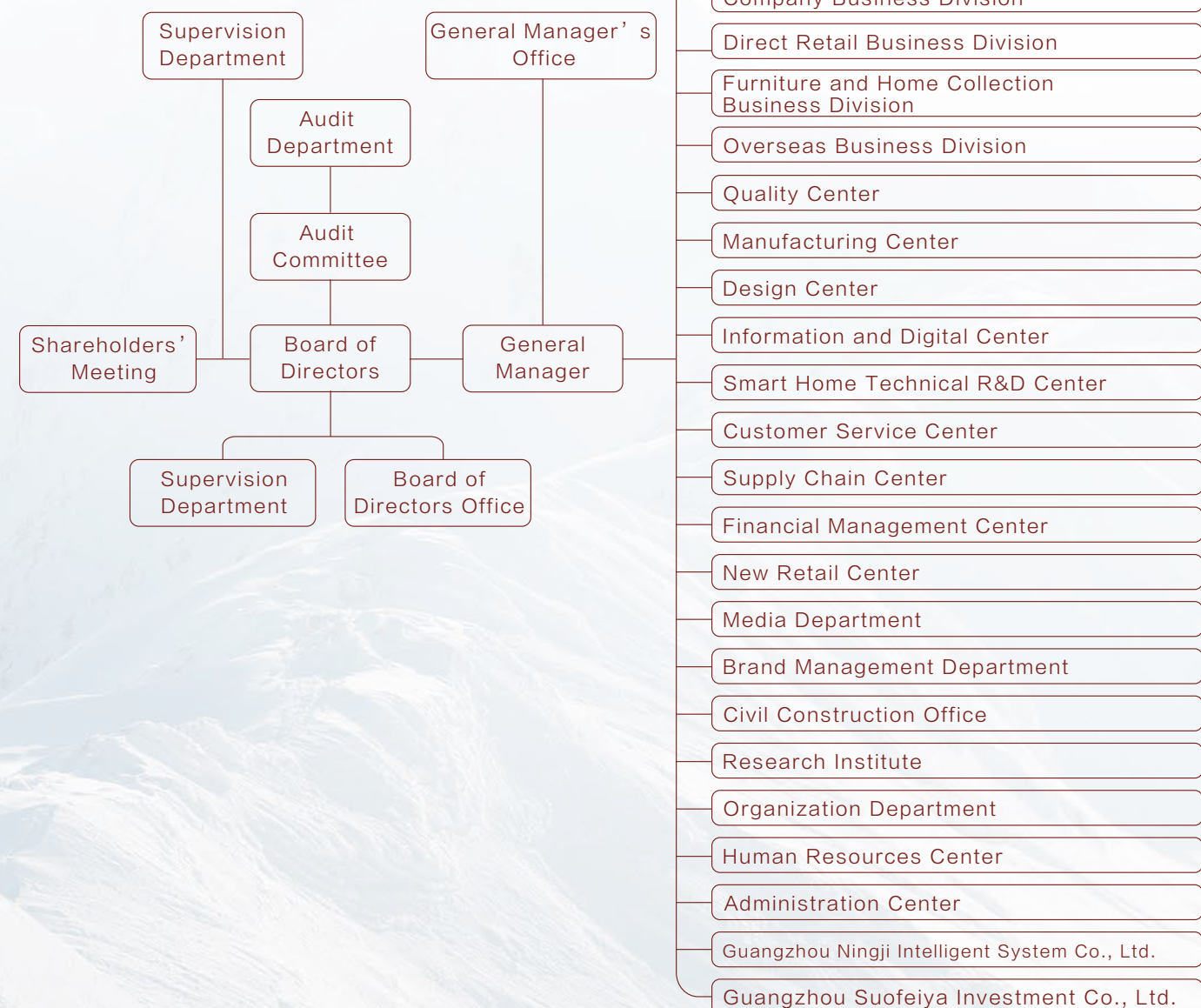
The Company's ESG management organization is responsible for formulating strategic plans and goals and overseeing project implementation.

Efficient Execution

Various departments and subsidiaries are responsible for incorporating ESG objectives into daily operations, ensuring effective implementation.

Compliance Governance

The company strictly adheres to relevant laws and regulations. It has established a comprehensive corporate governance structure, including the General Meeting of Shareholders, the Board of Directors and its specialized committees, the Board of Supervisors, and the management team. It has formulated a series of regulatory documents, including the Rules of Procedure for the Board of Directors, the Rules of Procedure for the Board of Supervisors, and the Information Disclosure Management Regulations to ensure compliance with operations and business ethics.





01 General Meeting of Shareholders

The General Meeting of Shareholders, composed of all shareholders, is the Company's highest authority body, responsible for making decisions on major matters. The Company convenes and holds the General Meeting of Shareholders in strict accordance with relevant laws and regulations, such as the Securities Law of the PRC, the Company Law of the PRC, the Articles of Association, and the Rules of Procedure for the General Meeting of Shareholders. Voting is conducted both onsite and online to provide convenience for shareholders, especially small and medium-sized shareholders, to participate. The Company treats all investors equally and renders earnest protection of small and medium-sized shareholders' rights.

02 Board of Directors

On the premise of giving full play to the role of the General Meeting of Shareholders as the authority body for major business matters, Suofeiya continues to uphold the Board of Directors' role in "setting strategies, making decisions, and preventing risks." The Company continuously optimizes the management system on the Board's independence to ensure the Board's autonomy. During the reporting period, the independent directors strictly followed relevant laws and regulations, the Company's Articles of Association, and the established rules for independent directors. They provided professional and objective suggestions on the Company's operations, enhancing the Board's decision-making.

In the process of establishing a sound Board of Directors, the Company focuses on improving decision-making transparency and clarifying responsibilities. The Company has promoted the diversification of the board structure. Over the years, the Company has practiced board diversity in terms of "cultural literacy, professional skills, educational background, and professional qualities," ensuring diverse perspectives and views for senior-level decisions.

To further enhance governance structure transparency, the Company has formulated the Rules of Procedure for the Board of Directors and the Independent Director System. During the reporting period, all directors performed their duties as per regulations, attended board meetings on time with a 100% attendance rate, and actively participated in decisions on major matters and reviews of important information disclosures.

The Board of Directors has set up an Audit Committee to strengthen the governance structure, be responsible for supervising and inspecting specific company affairs within the scope of the Board's authorization, regularly checking and overseeing the overall operations and financial performance of the Company to ensure effective risk management and internal control systems.

03 Board of Supervisors

The Board of Supervisors is the Company's supervisory body, responsible for overseeing the company's financial status, related-party transactions, major matters, and the legal compliance in the duty fulfillment by the directors and senior management, thus safeguarding shareholders' legitimate rights. In 2024, the Board of Supervisors is composed of 3 members, including 1 employee representative supervisor and 2 shareholder representative supervisors, with females accounting for one-third of the members. The employee representative supervisor is elected democratically by the company's employees. The establishment of the Board of Supervisors aims to strengthen internal supervision, ensure operational transparency, and promote sustainable development. By constructing a multi-level governance structure, the company ensures that all operations are compliant with the governing regulations, effectively preventing risks. The members of the Board of Supervisors are diligent and responsible, and the procedures for meetings and voting conform to the *Rules of Procedure for the Board of Supervisors* and other related regulations. The Board supervises the company's decision-making processes, establishes and executes internal control systems, and ensures legal operations, fostering the company's standard operations. During the reporting period, the actual attendance rate of the Board of Supervisors was 100%.

04 Management

The management team is the company's executive body, appointed by the Board of Directors and accountable to the Board. The management executes the resolutions of the Board of Directors, drives the company's operational activities, and helps achieve the company's business and strategic goals. In 2024, the company's management team comprised 5 senior executives, including one female senior executive. The management team covers professional areas such as marketing, finance, and intelligent manufacturing, boasting rich industry backgrounds and professional management experience. They are also involved in formulating the company's annual business plans and investment proposals, helping the company seize market opportunities and implement them, thus ensuring the company's long-term and stable development.



Protection of Shareholder Rights

The company places great emphasis on protecting the legitimate rights of shareholders, especially small and medium-sized shareholders. In accordance with the Company Law of the PRC, the Code of Governance for Listed Companies, and the Guidelines for the Articles of Association of Listed Companies, the company adheres to an investor-centric approach. By continuously standardizing corporate governance, improving the quality of information disclosure, enhancing investor communication, and establishing a strong sense of shareholder return, the company effectively fulfills its responsibilities and obligations as a listed company. It takes on social responsibilities and strives to become a trustworthy, exemplary high-quality listed company.

01 Information Disclosure

The company attaches great importance to information disclosure, strictly complying with the Shenzhen Stock Exchange's information disclosure guidelines and other regulations to fulfill its disclosure responsibilities. It ensures that the information disclosed is truthful, accurate, and complete, increasing the transparency and openness of the company's operations, allowing investors to quickly understand the company's development and business status, and safeguarding the right to information for investors. During the reporting period, the company issued 65 announcements (each with a corresponding announcement number), including 6 regular reports and 59 ad-hoc announcements. The company's information disclosure was rated Grade A by the Shenzhen Stock Exchange, marking the 11th consecutive year of receiving such a result. Currently, only 36 listed companies on the Shenzhen main board have been granted 11 Grade A ratings in a row. The company will continue to improve the quality of information disclosure and standardize operations to promote the high-quality development of the listed company.

6 Regular Reports

59 Ad-hoc Announcements

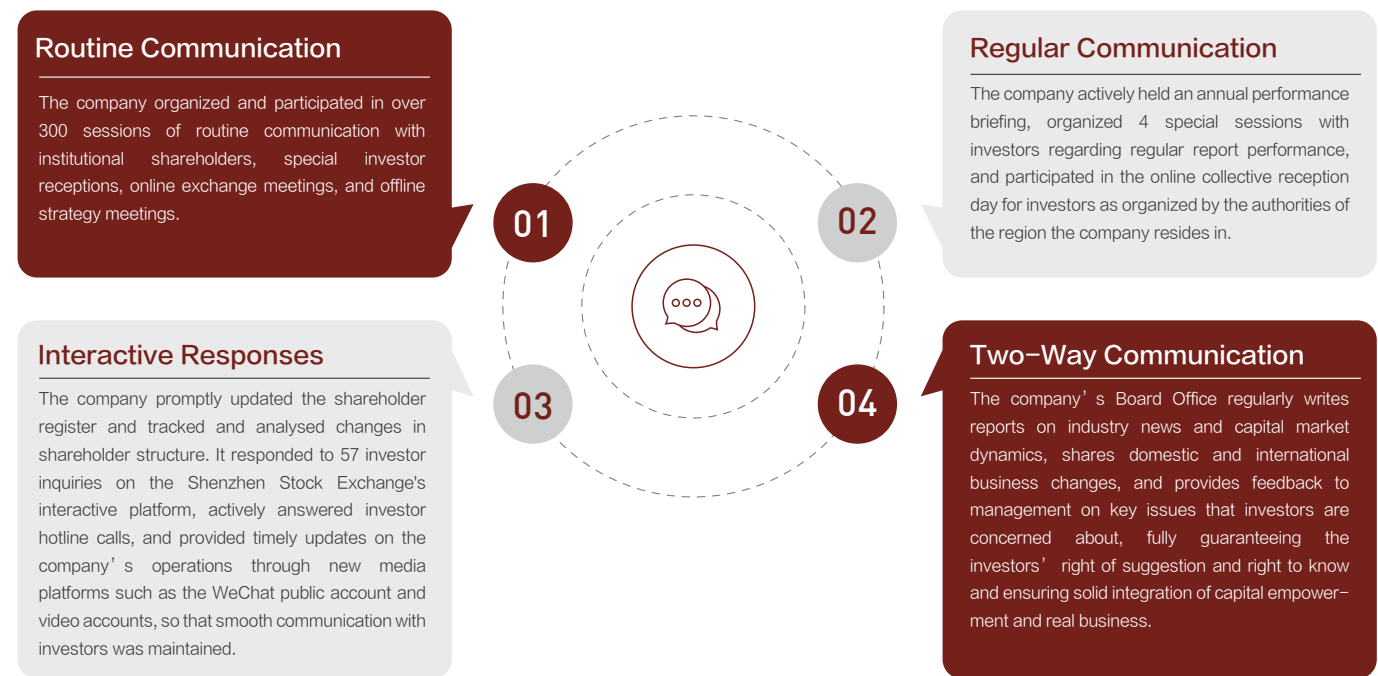
Obtained **A** grade in the evaluation of information disclosure work of Shenzhen Stock Exchange for 11 consecutive years



02 Investor Relations Management

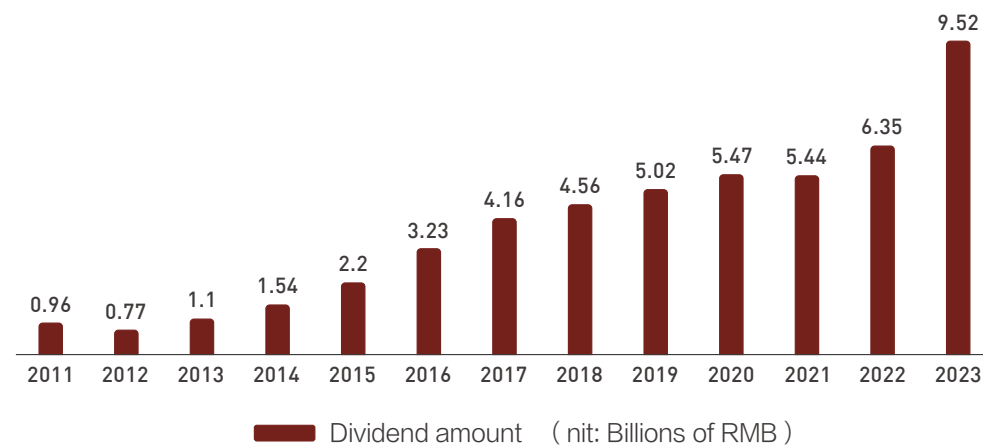
The company has always placed great importance on investor relations management, adhering to the principles of transparency and fairness. It has established a comprehensive investor communication platform, implementing the Investor Relations Management System to fully safeguard investors' right to information and ensure the accuracy and authenticity of the information. A dedicated team has been established to actively engage in investor interaction activities, enhancing shareholder trust and participation.

The company provides a variety of convenient communication channels for investors, actively engaging with them through investor hotlines, email, investor relations interactive platforms, the "Investor Section" on the official website, media interviews, performance briefings, and offline surveys. The company ensures positive interaction with investors. At the same time, industry news and key capital market concerns are promptly conveyed as feedback to the management team, striving to create a harmonious and interactive investor relationship.



03 Shareholder Returns

Since its listing in 2011, the company has consistently focused on enhancing shareholder returns and protecting the rights of small and medium-sized shareholders. The company has formulated a stable and continuous dividend policy, including the Suofeiya Home Collection Co., Ltd. Long-Term Shareholder Return Plan and the Shareholder Dividend Return Plan for the Next Three Years (2022-2024). These plans ensure the continuity and stability of profit distribution policies, enabling shareholders to share the company's development achievements. From 2011 to 2023, considering the company's operational performance, financial status, and shareholder interests, the company has distributed a total of 5.034 billion RMB in cash dividends (excluding share buybacks) to all shareholders, effectively sharing the results of its business growth.



Compliance Operations and Business Ethics

Since its establishment, Suofeiya has always regarded compliance operations as one of its core principles. By establishing sound internal control systems, the company ensures that business activities are conducted in an orderly manner within the legal framework. The company has set up a three-tier risk control system, comprising the Audit Department, the Supervision Department, and the Legal Affairs Department. In accordance with the applicable laws and regulations, such as the Company Law of China, the Securities Law of China, and the Code of Governance for Listed Companies, the company has formulated a series of internal management systems, including the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors, Rules of Procedure for the Board of Supervisors, Information Disclosure Management System, and the Internal Audit System.

During the reporting period, the "three lines of defense" continuously empowered various business units, strengthening the identification, assessment, and management of compliance risks, and improving the implementation of oversight and supervision processes. This ensured the effectiveness of internal control and enhanced the company's ability to manage risks while improving operational and management levels.

01 Compliance Risk Control

The company continuously builds a systematic and standardized compliance management system. It has developed and improved the Contract Management Regulations and the Contract Management Measures, implementing fine-grained management throughout the entire contract process. This includes key elements such as risk review, decision-making responsibilities, performance supervision, and financial income-expense control. These measures effectively prevent legal and economic risks, ensuring transaction security. Additionally, the company has enhanced its Physical Stamp Management Regulations with a tiered authorization mechanism for seal usage, strictly controlling the proper use of seals and eliminating unauthorized use.

Based on these efforts, the company focuses on the decision-making authority differences and risk control needs across various business scenarios. The company continuously optimizes the OA approval system's nodes and review standards by adjusting hierarchical permissions, grading processes, and managing risks through classification. This approach ensures a balance between "strong control over major matters" and "efficiency improvement for routine business", solidifying the governance structure for the company's high-quality development.

The company's internal control management system is comprehensive, dividing its main business operations into 22 modules for internal control and risk management. As of the reporting period, a total of 2,939 different management documents have been published, improving operational management levels and promoting the company's sustainable business development. During the reporting period, the company, with intensifying internal control and management, added and revised 784 internal documents, 625 of which were related to environmental, social, and governance (ESG) factors, covering areas such as production and manufacturing management, R&D management, occupational health and safety, environmental protection management, quality and systems management, human resources management, and service management.

The company has also established an audit risk data evaluation system and continuously improves its big data analysis tools, assessing and analyzing 18 aspects of the Guidelines for Internal Control Application of Enterprises. During the reporting period, the Audit Department carried out several routine and special audit projects, focusing on key business modules such as sales management, procurement management, financial management, asset management, and contract management. The company strengthened audit-exposed issue rectification efforts by applying a "dual engine" approach for rectification sample checks and rectification prompting actions, optimizing several related systems and processes. The company also organized internal self-inspection and rectification efforts, focusing on the implementation of internal rules and documents and improving compliance awareness and risk management capabilities among all employees.



Followed-up-on Audit Rectification Measures: **28**



Timely Completion Rate of Rectification: **96%**



New and Revised Documents: **784**

02 Business Ethics

Suofeiya strictly conducts business activities in accordance with national laws, regulations, and business ethics standards, adhering to laws such as the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China. The company has developed and implemented regulations such as the Employee Duty Conduct Management Measures, Employee Handbook, Employee Integrity Management Guidelines, Eight Major Red Lines, Conflict of Interest Reporting and Filing Notice, and supplier and employee blacklist systems.



The company has established a business ethics compliance management framework, with the Supervision Department fully responsible for overseeing, managing, and guiding the company's business ethics matters. The Supervision Department collaborates with the Audit Department, Legal Affairs Department, and various business units to promote anti-corruption efforts and build a clean governance ecosystem, regularly identifying and supervising internal anti-corruption risks.





In 2024, the company continued to strengthen internal supervision work, conducting comprehensive "prevention beforehand, in-process supervision, and post-investigation" management of business activities through special inspections, process supervision, and routine monitoring. The company used information technology tools such as financial data sharing and internal work platforms for routine supervision. During the reporting period, 6 routine inspections were conducted, and risk identification and rectification were conducted in a closed-loop manner. The company participated in 82 bidding supervision activities, combining online tendering management systems and offline process supervision, effectively reducing or avoiding the risk of fraud in departments with procurement functions, such as business units and the supply chain.

In 2024, the Supervision Department received 31 reports of violations and illegal activities through various channels. All 31 cases were investigated and closed, achieving a 100% case closure rate. Based on the investigation results, 10 employees had their labor contracts terminated, and 13 were subject to administrative penalties, with the company reserving the right to pursue legal liability. Additionally, the company required employees to sign the Suofeiya Employee Self-Discipline Agreement as an attachment to the labor contract, achieving a 100% employee signing rate.

To build a clean and ethical ecosystem, the company formulated the Whistleblower Management Measures and established channels such as the official website platform, whistleblower email, hotline, and in-person reporting to receive information on violations of business ethics or actions that harm the company's interests from internal and external parties, as well as partners (suppliers, distributors, etc.). Upon receiving whistleblowing information, the Supervision Department conducts preliminary screening and investigation, maintaining a zero-tolerance attitude toward serious violations. The company promises to strictly protect any whistleblower's identity and safeguard his or her legal rights, preventing retaliation. The whistleblowing management process follows the "dedicated personnel for reception, investigation, and rewards" mechanism, ensuring confidentiality and procedural integrity.



To strengthen the integrity awareness of all employees and enhance the effect of warning education, the company publishes internal disciplinary notices on serious violations through its electronic work platform and conducts a series of integrity training sessions. In 2024, the company issued 5 internal disciplinary notices and organized 8 offline integrity training sessions under the theme "Integrity and Purity, the Flourishing of Righteousness," with the total attendance of 14,000 to the legal and disciplinary violation warnings. The integrity education coverage rate reached 100%.

-  Routine Inspections: **6**
-  Tendering Supervision Sessions: **82**
-  Whistleblower Reports Received: **31** , with a **100%** case closure rate
-  Offline Integrity Training Sessions: **8** , with a total attendance of **14,000** , achieving **100%** integrity education coverage

03 Intellectual Property Protection

The company has always viewed intellectual property protection as the lifeline of its business development. Through continuous improvements of the intellectual property management system, active intellectual property rights protection actions, and in-depth efforts on brand value preservation, the company fosters an atmosphere of business operation integrity and intellectual property rights protection.

In terms of trademark registration, the company and its affiliates collectively hold 1,934 domestically registered trademarks, establishing a solid trademark protection fortification. Regarding rights protection, the "Suofeiya" brand has been recognized as a well-known trademark 136 times, highlighting the company's outstanding achievements in intellectual property protection.

In 2024, the company won a retrial case in the Supreme People's Court regarding trademark infringement and unfair competition disputes. This victory not only effectively safeguarded the legitimate rights of consumers and the company's reputation, but also further strengthened the company's competitive advantage and industry standing. Additionally, it would also facilitate healthy competition within the industry, providing strong legal support for consumer rights and fair market competition.

 Domestically Registered Trademarks **1,934**

 Record of Trademark Protection **134**

Privacy and Information Security

The company's Information and Digital Center (IDC) complies with laws and regulations regarding information security and privacy protection, including the Personal Information Protection Law, the Consumer Rights Protection Law, the Self-Assessment Guidelines for Illegal and Unregulated Collection and Use of Personal Information by Apps, and the Regulations on the Necessary Scope of Personal Information for Common Types of Mobile Internet Applications. The company has tailored a secure and efficient network security solution, which includes network access mechanisms, antivirus software, firewalls, virtual private networks (VPN), internet behavior management devices, file scanning and monitoring, bastion hosts, system backups, and other components. These measures establish an information system management and network security mechanism, along with permission control systems, to strengthen data and information security management.

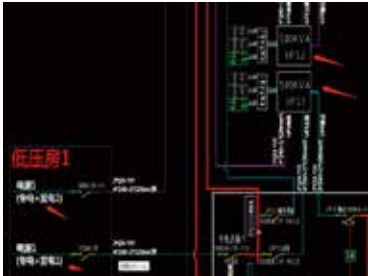


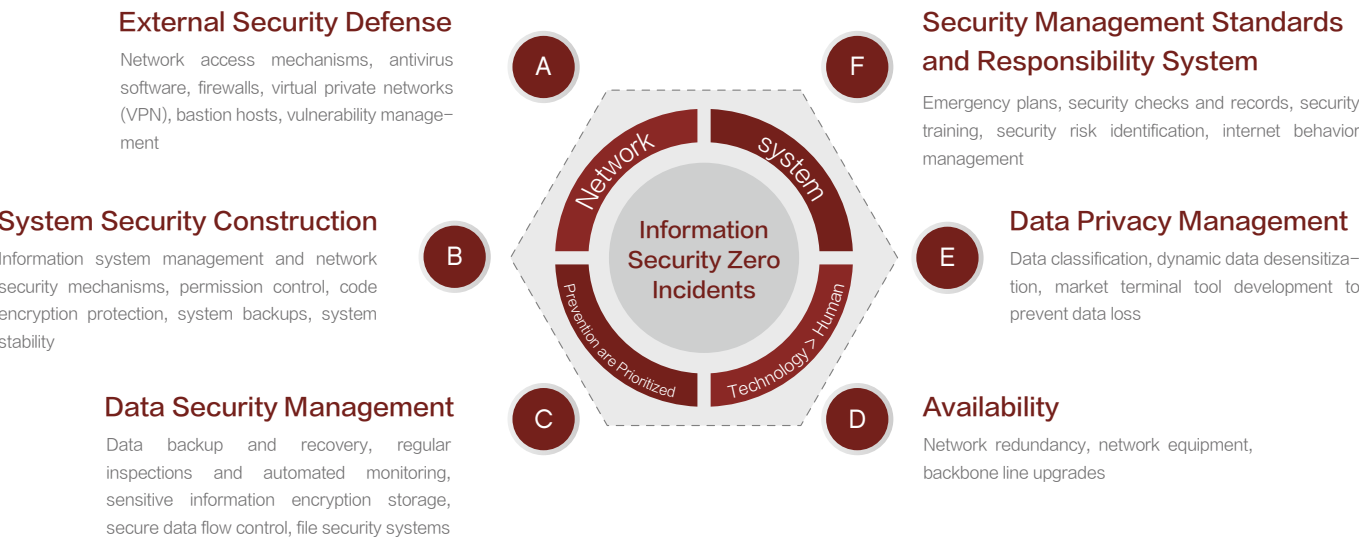
Image: On-Site Data Center Deployment

The company has developed systems such as the Emergency Response Plan for Environmental Emergencies, Environmental Information Reporting Management Measures, Fire Safety Equipment Maintenance Management System, and Information Systems Emergency Plan. An Information Security and Confidentiality Management Committee has been established, along with dedicated security management departments and personnel, to define the overall goals, scope, principles, and security framework for security operations. These departments are responsible for the construction and operation of the information security system.

The company has formulated and improved systems and regulations such as the Business System Launch Security Management Details, Data Center Security Management System, Terminal Computer Protection Regulations, Terminal Equipment and Network Management Regulations, Information Security Management Procedures, and Data Security Management Standards. These regulations classify and manage business information, customer data, and other critical information, specifying risk avoidance measures to effectively maintain the security of customer information and data assets.

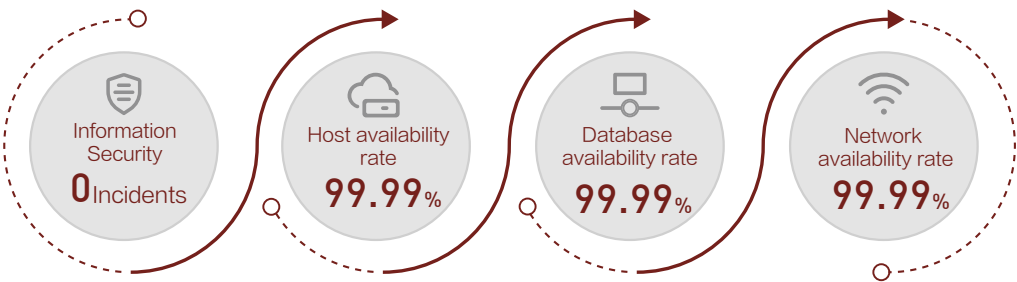
01 Secure Network

The company has developed a comprehensive information security system based on actual needs. Over time, it has been continuously built, optimized, and refined to achieve the goal of ensuring the security of the company’ s information systems.


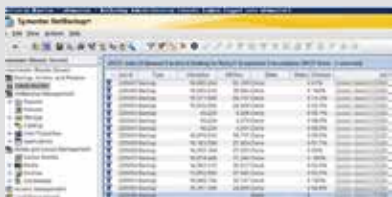



02 Goal Wall

Based on the overall information security management system plan, high standards are set for information security management goals considering factors, scenarios, and technologies that impact information security. The company drives the execution thereof to ensure comprehensive security and 0 incidents.



03 Technology Follow-up

<p>A/</p> <p>Key systems are deployed with a High Availability (HA) architecture to ensure business continuity for critical operations.</p> 	<p>B/</p> <p>The company adopts the internationally leading Veritas backup solution to ensure reliable system data backups.</p> 	<p>C/</p> <p>The company researches and applies data desensitization technologies and tools to anonymize customer-related information, effectively preventing customer data leaks.</p>
<p>D/</p> <p>A proactive "Privacy Policy" mini-program is configured to collect the minimum necessary personal information from users, ensuring that customer data is collected, used, and protected in a limited and effective manner.</p>	<p>E/</p> <p>Software monitoring for anomaly alerts is utilized, and service monitoring software (e.g., Zabbix) is deployed to ensure the reliable operation of business systems.</p> 	<p>F/</p> <p>6)Zero-threat security measures with comprehensive control: Kaspersky software is deployed, and endpoint devices are managed by access control systems to prevent unauthorized devices from accessing the system. Unauthorized software that may harm information security is also prevented. Additionally, the company deploys deep security internet behavior management equipment (e.g., Sangfor) to prohibit illegal network access.</p>

The company has continuously invested in information security management over the years, consistently strengthening and improving its practices, and has made significant progress. All work and indicators are now integrated into the management system, ensuring the secure and efficient operation of the company's business and management, supporting its rapid development, and safeguarding its value.

A misty mountain landscape with dense evergreen forests. In the foreground, a steep slope is covered with lush green trees. In the background, misty mountain peaks are visible. A large green '02' graphic is overlaid on the right side of the image.

02 PROMOTING GREEN DEVELOPMENT

Low-carbon development and circular economy have become a global consensus. Suofeiyi has always adhered to the business philosophy of green and environmental protection, continuously promoting the construction of an environmentally friendly enterprise. The company integrates sustainable concepts of low-carbon energy saving and green circulation throughout its entire business operation process, pursuing carbon reduction across all stages. Suofeiyi actively promotes the green economy, addresses climate change, and fulfills its corporate environmental responsibilities. The company is committed to collaborating with ecological partners, moving towards a greener, mutually beneficial, and sustainable future.



- "National Green Plant" Certifications: 3
- China Environmental Label Product Certifications: 2



- Energy System Certifications: 2
- "Zero Waste Factory" Certifications: 3
- ISO 14001 Certifications: 12

Addressing Climate Change

With global issues such as global warming, frequent extreme weather events, and rising sea levels becoming increasingly prominent, Suofeiyi actively responds to the national carbon peak and carbon neutrality strategic goals. The company views climate change as a core issue for sustainable development. It follows guiding documents such as the Opinions of the Central Committee of the Communist Party of China (CPC) and the State Council on the Complete and Accurate Implementation of the New Development Concept and the Proper Implementation of Carbon Peaking and Carbon Neutral Work and the Action Plan for Carbon Dioxide Peaking Before 2030. The company actively undertakes work related to addressing climate change.

In 2024, Suofeiyi referred to the framework the Task Force on Climate-related Financial Disclosures (TCFD) suggested to identify climate-related risks and opportunities related to its operations and carried out risk management activities. While achieving low-carbon operations, the company also enhances its resilience in addressing climate change, contributing to society's green and sustainable development.

Identification of Climate Change Risks and Opportunities

Transformation Risks		
Risk Category	Risk Description	Response Measures
Policy and Legal Risks	As global and domestic governments accelerate the implementation of climate policies such as carbon trading and carbon taxes, if the company fails to comply with carbon-related regulations in a timely manner, it may face regulatory fines, increased compliance costs, and a decline in market trust.	Strengthen carbon emission compliance monitoring; optimize carbon emission intensity in production and supply chain processes; provide regular training for employees and suppliers to enhance their response to climate policies; advance green smart manufacturing processes to ensure compliance and reduce risks.
	The introduction of carbon emission rights control and adjustment mechanisms worldwide may lead to increased business operations and financial costs.	Continue implementing energy-saving and emission reduction strategies, closely monitor carbon pricing mechanisms in the countries where assets are located and globally, and proactively and flexibly meet challenges.
Technology	Failure to invest in low-carbon environmental technology R&D.	Introduce and cultivate professional talent, strengthen technology imports, actively engage in external learning, and enhance R&D capabilities.
	Failure to timely identify and apply low-carbon technologies, resulting in the company's products lagging behind competitors in low-carbon transformation.	Continuously research and apply low-carbon technologies, and actively engage in industry collaborations.
Market Risks	Failure to effectively meet consumer demand for green, low-carbon products.	Actively develop green, low-carbon products to meet consumer demand.
	Rising costs of raw materials and energy.	Promote resource conservation and recycling; strengthen supply chain management.
Reputation Risks	Poor performance in addressing climate change and sustainability, leading to damaged company reputation and negative feedback from stakeholders.	Enhance the company's sustainable development capabilities, proactively respond to climate change; increase transparency in related management and actively address concerns raised by stakeholders.

Physical Risks		
Risk Category	Risk Description	Response Measures
Acute Risks (Extreme Weather, such as Storms, Floods, Typhoons)	Extreme weather may damage factory, office building structures, and equipment, causing asset loss.	Develop emergency response plans for natural disasters and continuously improve the emergency response mechanism.
	Equipment damage, employee inability to work, and transportation interruptions due to extreme weather may affect stable production.	Provide training on responding to and protecting against extreme weather events, continuously improve the natural disaster emergency response mechanism.
Chronic Risks (Sustained High Temperatures, Droughts)	Rising temperatures increase the company's cooling demand, raising operational costs.	Upgrade energy-efficient cooling systems and use environmentally friendly equipment to reduce energy consumption.
	Employee health and work efficiency are impacted by prolonged exposure to heat.	Scientifically arrange production schedules, organize production efficiently, and improve operational efficiency.
	Long-term droughts may lead to insufficient water supply, affecting the stability of production and operations.	Continuously promote water-saving environmental upgrades, avoid building factories in areas with high water supply risks, and strengthen water reserves.

Climate Change Opportunities		
Opportunity	Opportunity Description	Response Measures
Resource Efficiency	Higher energy-efficient equipment, buildings, and technologies; supportive policy incentives.	Actively explore the development or application of new technologies, equipment, and processes to fully improve resource efficiency; proactively respond to government supportive policies and green projects.
Energy Efficiency	Substitution of renewable energy sources.	Promote energy efficiency optimization in processes to reduce energy consumption and greenhouse gas emissions.
Products and Services	Development of green, low-carbon products; climate change response solutions within the industry.	Strengthen low-carbon technology R&D and increase investment in the development of green, low-carbon products.
Market	Access to emerging markets; increasing demand for green markets.	Increase the share of green, low-carbon products; identify and participate in emerging markets.
Adaptation	Energy substitution and diversification solutions; participation in renewable energy projects.	Promote the development and utilization of renewable energy.

Greenhouse Gas Emissions from Suofeiya's 7 Production Bases in 2024 (Unit: tCO2e)			
Production Base	Direct Greenhouse Gas Emissions (Scope 1)	Indirect Greenhouse Gas Emissions (Scope 2)	Total Greenhouse Gas Emissions (Scope 1 + Scope 2)
South China Production Center	667.53	7073.99	7741. 52
Central China Production Center	470.31	4984.01	5454.32
East China Production Center	366.17	3880.36	4246.53
Western Production Center	255.50	2707.53	2963.03
North China Production Center	206.22	2185.35	2391.57
Lankao Production Base	260.26	2758.02	3018.28
Qiqihar Production Base	44.02	466.44	510.46
Jinhua Production Base	29.03	307.62	336.65



EHS Policies and Management

EHS Vision and Goals



Vision

To create an EHS-excellence operating system and build a safe, healthy, green, and sustainable work environment and corporate culture.



Goals

Zero major safety incidents, zero major fire accidents, zero regulatory non-compliance.

Management System Optimization

In 2024, the company optimized a series of safety and occupational health management systems, including the Group EHS Responsibility System, Safety Incident Management Measures, and EHS Meeting Management Measures. These optimizations improved the company’ s environmental and safety management system, aligning the environmental protection, safety, and occupational health regulatory frameworks with the current EHS management practices.

EHS Organizational Management Responsibilities

- Promote national EHS policies, regulations, laws, and standards and oversee their implementation.
- Develop the company's annual work safety plans and work plans and organize/guide their implementation.
- Establish and improve the company's EHS rules, regulations, and the EHS responsibility system, and oversee and inspect their enforcement.
- Supervise the implementation of safety corrective actions and propose corrective measures for violations.
- Participate in the "three simultaneous" reviews for new, modified, or expanded construction projects, review safety and occupational health facilities, environmental protection facilities, and final exam–acceptance procedures.
- Be responsible for collecting, analyzing, and statistical reporting of safety and environmental incidents from various departments.
- Organize and carry out EHS–related safety inspections and correct and penalize violations.
- Promote the use of modern safety management methods and conduct occupational safety and health management system certification and environmental management system certification.

Implementing Safety Production

The company is committed to ensuring the safety of employees' lives and company property by implementing safety controls on production facilities and equipment. All of Suofeiya’ s factories employ interlocking and interactive fire safety control systems with full–fledged monitoring networks, ensuring a safer production process. We strengthen safety inspections and supervision at all levels, encouraging full participation in identifying and correcting various safety violations. Focus is placed on team safety efforts, hazard analysis at work positions, and minimizing and controlling accidents to ensure safety in production, fire prevention, occupational health, and environmental protection.

We have obtained ISO 45001, OHSAS 18001, other occupational health and safety management system certifications, and work safety standardization certifications. These certifications effectively ensure the normal operation of the company’ s safety management system.



The company has established an employee work safety responsibility system centered around the "three managements and three musts," which clearly defines the specific work safety responsibilities that regional managers must fulfill within their areas of responsibility. Following the "Dual Prevention Mechanism: Safety Risk Classification and Control, and Hazard Identification and Rectification," risk identification is conducted at the worksite, and safety warning signs are posted in risk areas to prevent safety incidents. Operations such as hot, high–altitude, and confined space work require approval and control, with full–process supervision during execution. Additionally, through specialized inspections, seasonal checks, holiday checks, daily team–level checks, weekly workshop–level checks, and monthly factory–level checks, we continuously improve work safety management and promote the stable and healthy development of work safety.



1 Safety Rankings	800,000+ Unsafe Behaviors	1,130,000+ Unsafe Conditions	106+ Major Issues Identified	680+ General Issues Identified
25 Factory Inspections and Visits	372 OWD Incidents	1 Safety Accountability Matrix	30 EHS Standards/Boards	1 EHS Training Session
248 Good Practices	109 Government Inspections	12 Key EHS Projects	1 Management Platforms	3 Pilot Noise Reduction Projects

The company has established and improved an emergency management system for sudden safety accidents and environmental incidents to ensure the safety of the company’ s assets and protect employees' lives. It strictly adheres to a series of emergency management regulations, clarifying emergency management principles, emergency management institutions, operational mechanisms, emergency support, and emergency plan management. Each year, the company organizes at least seven comprehensive emergency response drills and specialized emergency drills to enhance employees' ability to handle emergencies, ensuring that unexpected events remain within a controllable range and building a work safety network for all employees.



By collecting data on equipment and facilities at the work site and identifying potential hazards, the results are recorded in the "Work Safety Risk Electronic Map." Safety management personnel and regional managers can access the system to understand and monitor the hazard situations in the plant and various areas. The use of the work safety risk electronic map enables the dynamic operation of the dual prevention mechanism. Each area conducts daily hazard identification work, with safety responsibilities delegated to departments, forming a safety management mode where the safety management department oversees and the responsible departments implement the safety measures. This approach has transformed safety work from "passive compliance" to "self–reliant management."



The company actively conducts environmental and safety training and education at all levels, regularly providing training for new employees, including "three-level" training, "four-new" safety training, hazardous waste management, rainwater, and wastewater pipeline management training, specialized operations personnel training, emergency response team training, environmental protection management, group EHS training camps, occupational health, and first aid training. To encourage the participation of all employees in EHS efforts, the company organizes a series of EHS cultural activities, such as "Work Safety Month," "World Environment Day," "Occupational Health Awareness Week," and "100 Days Without Safety Accidents." These activities engage employees directly in EHS cultural events, enhancing their EHS awareness.



Resource Consumption and Management


The company places great importance on establishing and operating its energy management system, striving to build an energy-efficient and environmentally friendly enterprise. The company continuously improves relevant systems, including the Environmental Protection Management System, Energy-saving Management System, and Energy Management System. It adopts a diversified approach to energy-saving and emission-reduction measures and strengthens energy management, water resources and wastewater management, and waste management while promoting the green and healthy development of the supply chain.


Relying on advanced industrial technology and intelligent equipment, the company develops new production processes, promotes green procurement, and advocates less-packaging-material design, thereby improving resource recycling efficiency. The company advances clean production and energy-saving emission reductions, continuously promotes the comprehensive use of clean energy such as photovoltaic power generation and natural gas, and aims to completely eliminate the use of fossil fuels, contributing to global greenhouse gas emissions reduction.

01 Water Resource Management

The company has consistently adhered to the principles of less-consumption orientation, resource orientation, and harmlessness, implementing consumption reduction and recycling measures. Since 2019, the company has promoted the use of neutral catalytic oxidation treatment and high-efficiency dewatering equipment for wastewater. Several of our production bases around China have implemented wastewater reuse projects in their wastewater treatment stations, further treating wastewater and reusing it in production processes, such as spray towers and water curtain cabinets, in order to reduce tap water consumption.

During the reporting period, all of the company's factories used tap water and did not use underground wells or other water sources. Water supply was sufficient, and there were no issues affecting production due to water quantity or quality problems.

 The total amount of recycled water/reclaimed water used by the company was **5,797m³**

 From 2022 to 2024, the company saved a total of **22,945** tons of tap water.

02 Energy Management

During the reporting period, the company continued to strengthen energy-saving and consumption-reduction education and training for all employees, actively conducting research and application of electricity-saving and other new technologies and processes and adjusting and optimizing production processes. Special focus was placed on technological improvements in high-energy-consuming production stages. The company continued to invest in energy-saving technological transformations, actively developing solar photovoltaic power generation projects, replacing fuel-powered forklifts, and adopting centralized vacuum systems, among other measures.

1 / Photovoltaic Power Generation

Since 2017, the company has actively promoted rooftop solar photovoltaic power generation projects at its factory buildings. It has built grid-connected distributed photovoltaic power generation systems at 7 major production bases, covering an area of approximately 337,000 m², saving limited coal and petroleum resources.



During the reporting period, the solar photovoltaic power generation project provided approximately 21.28 million kWh of green electricity to the company and the State Grid, resulting in a reduction of 18,523 tons of CO2 emissions, equivalent to saving 6,810 tons of standard coal. The photovoltaic power generation amount in the reporting period increased by 48.9% compared to 2023. From 2017 to 2024, the total amount of green electricity provided to the company and the State Grid was approximately 92.08 million kWh.

 **21.28** million kWh of green electricity

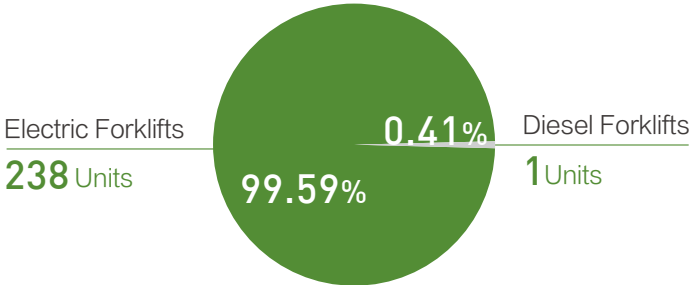
 Reduction of **18,523** tons of CO2 emissions

 Saving **6,810** tons of standard coal

2 / "Oil-to-Electric" Project

Since 2017, the company has been steadily advancing the "Oil-to-Electric" initiative, gradually phasing out fuel-powered forklifts and replacing them with electric forklifts, thus reducing the use of fossil fuels and achieving the goal of reducing air pollutants.

The company's electric forklift substitution rate reached 99.59% during the reporting period.



03 Waste Management

The company regularly commissions third-party organizations to conduct waste testing and sets annual "Three Wastes" KPI indicators, including production wastewater reuse rate, proportion of production wastewater generated, hazardous waste disposal rate, and compliance rate of exhaust emissions. Monthly environmental KPI data, such as air pollutant emissions, production wastewater reuse, domestic sewage pollutant emissions, hazardous waste generation, and photovoltaic power generation, are collected and analyzed. The company is committed to reducing waste, ensuring compliance with air pollutants and water pollutants discharge standards, and minimizing environmental impact.



Exhaust Emissions Compliance Rate: **100%**



Wastewater Discharge Compliance Rate: **100%**



Solid Waste Disposal Compliance Rate: **100%**



Noise Emissions Compliance Rate: **100%**

1 / Exhaust Gas

To better reduce factory exhaust emissions, the company's factories responded to national control measures for heavy-pollution weather and summer ozone management by upgrading their exhaust treatment facilities/systems. The company manages organized exhaust emissions, upgrades exhaust treatment processes, and improves exhaust treatment levels.

- The company selects exhaust gas treatment facilities with strict standards for end-of-pipe treatment, reducing the emissions of volatile organic compounds (VOCs), sulfur dioxide (SO₂), nitrogen oxides (NO_x), particulate matter, and other pollutants.
- New exhaust treatment facilities adopt a dust removal + RTO (Regenerative Thermal Oxidizer) process with an organic waste gas treatment efficiency of over 90%.
- The company has carried out low-nitrogen emission reduction for boilers. Nitrogen oxide emissions decreased from 71 mg/m³ in 2022 to 21 mg/m³ in 2023, a reduction of over 70%.
- An exhaust system is installed in the heating area of the edge banding machine to collect and treat waste gas with an activated carbon adsorption device, reducing unorganized emissions of VOCs.
- A VOCs online monitoring system is installed to observe and monitor exhaust gas indicators, along with an early warning system and visual and audible alarms for exhaust treatment facilities to ensure timely fault handling.
- The company implements a low-VOCs content product substitution project, using advanced raw and auxiliary materials through special processes to reduce VOCs emissions at the source. Powder is collected and processed by a secondary recovery device to reduce particulate emissions. After process upgrades, VOCs and particulate emissions are expected to decrease by over 85% year-on-year.

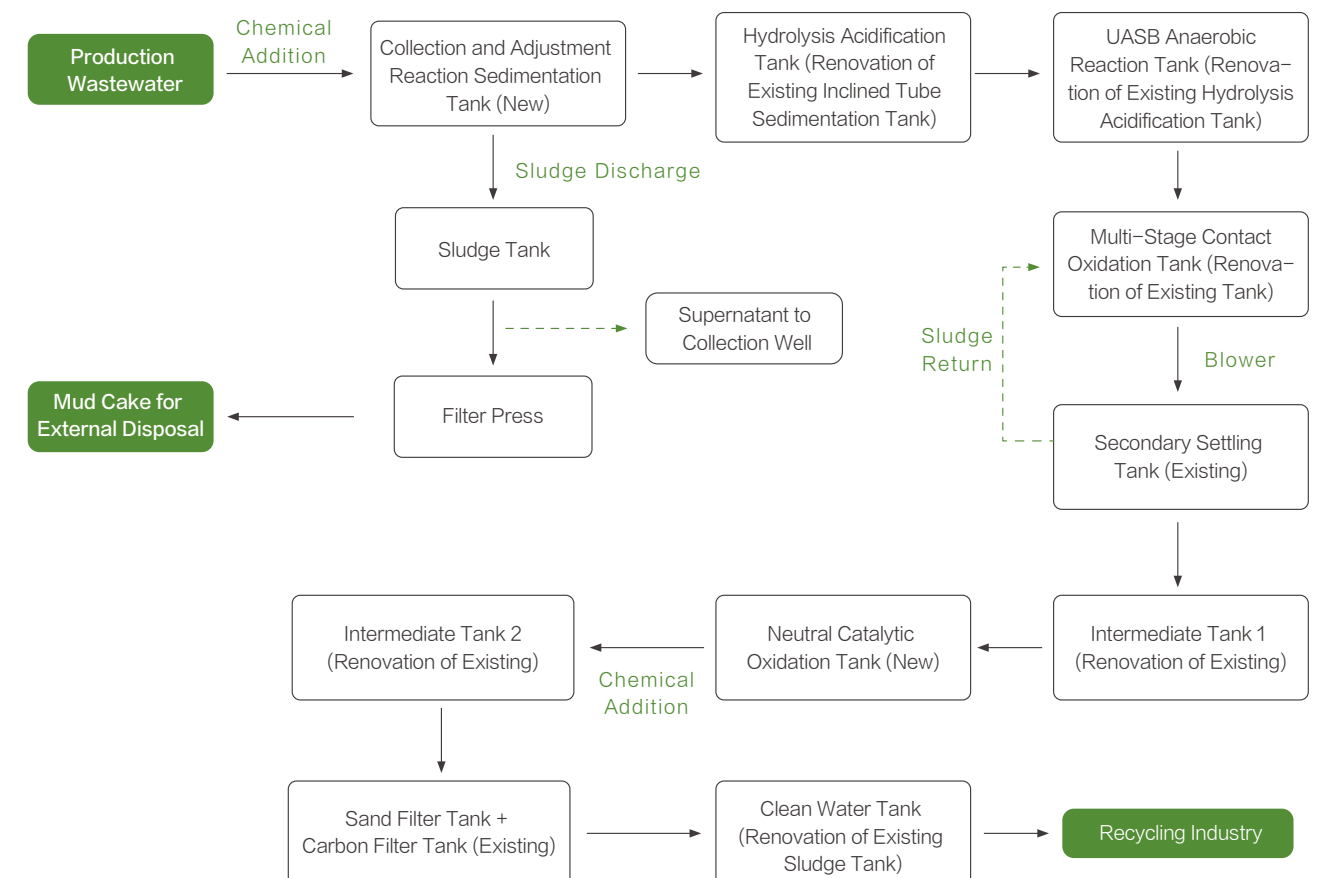


2 / Wastewater

Water resource management is also a crucial aspect of Suofeiyi's commitment to fulfilling its social responsibility. The company unswervingly control and adjust processes from the source, implement a series of water-saving measures, and invest in the construction of a production wastewater reuse system to treat and reuse wastewater, thereby reducing discharge. The company has upgraded its wastewater treatment system, simultaneously monitoring wastewater discharge and reducing the generation of solid waste sludge.

The company uses the UASB (Upflow Anaerobic Sludge Blanket) treatment process, where the "biological treatment" process combines "anaerobic + aerobic" methods, and the "deep treatment" uses the "sand filtration" process. Wastewater containing paint is directed into a collection and adjustment reaction sedimentation tank. After pre-treatment, production wastewater enters the production wastewater adjustment tank, which is regulated and then pumped to a flotation tank for further treatment. In the initial reaction area, acid or alkali is added to adjust the wastewater's pH to neutral. PAC (Poly Aluminium Chloride) and PAM (Polyacrylamide) are added for flocculation to remove most of the suspended solids. After flotation, the wastewater enters the primary settling tank for further sedimentation to remove additional suspended solids. After the sedimentation process, the wastewater enters the integrated adjustment tank.

Domestic wastewater, pre-treated in a septic tank, is pumped together with the treated production wastewater into integrated wastewater treatment equipment in the comprehensive adjustment tank. The biochemical treatment system first passes through the anaerobic reaction tank to reduce the chemical oxygen demand (COD) of the wastewater while improving its biodegradability. The wastewater then enters the aerobic tank for further removal of various pollutants. The effluent from the aerobic tank enters the secondary settling tank, where the supernatant is discharged to the sand filtration tank for further treatment before meeting discharge standards. The remaining sludge is sent to the sludge tank. The daily treatment capacity is 6–8m³/d.



3 / Solid Waste

Suofeiya conducts full-process supervision and control throughout waste generation, managing the process from the source to reduce the production or discharge of solid waste and ensuring final compliant disposal. The company has established the Waste Standard Management System to ensure that processes such as generation, warehousing, transfer, and disposal are legal and rule-compliant. It also implements source control classification, comprehensively utilizing waste with potential value, achieving waste recycling and harmless disposal.

- The company has purchased organic solvent recovery devices to filter and reuse wastewater containing cleaning agents generated in the workshop.
- The company has changed the packaging of hot melt adhesives by coating the inner walls of the packaging iron drums with tin foil, reducing hazardous waste generation. The iron drums can be recycled. Hazardous waste generation in the cabinet body workshop has been reduced by more than 90% annually.



4 / Noise Control

The company follows the relevant requirements of the Emission Standard for Industrial Enterprises noise at Boundary, thoroughly identifies noise sources and transmission paths, and studies various noise reduction solutions. The company blocks sound transmission paths through soundproofing and vibration-damping measures to reduce the impact of production noise on human health and the surrounding environment. The company smartly adjusts energy consumption by introducing permanent magnet variable frequency energy-saving vacuum pump systems. It maintains stable negative pressure, addressing the adverse effects of negative pressure fluctuations and flow attenuation caused by old vacuum pumps on production processes.

At the end of 2023, the Zhejiang factory became the first to use this technology on a large scale in the fifth-generation 4.0E production line. Data testing showed that compared to the old rotary vane pump at the same power, the flow was increased by 1.8 times, energy consumption decreased by 17.8%, and noise levels dropped from 90dB to below 80dB. The company is now promoting this technology across major production bases, contributing further to green management and environmental protection.



Green Logistics

In the context of the accelerated global carbon neutrality process, Suofeiya has proactively built a green logistics system driven by a "technology + ecology" dual approach. The company uses the customized home furnishing industry as a testing ground to create low-carbon solutions that cover the entire supply chain.

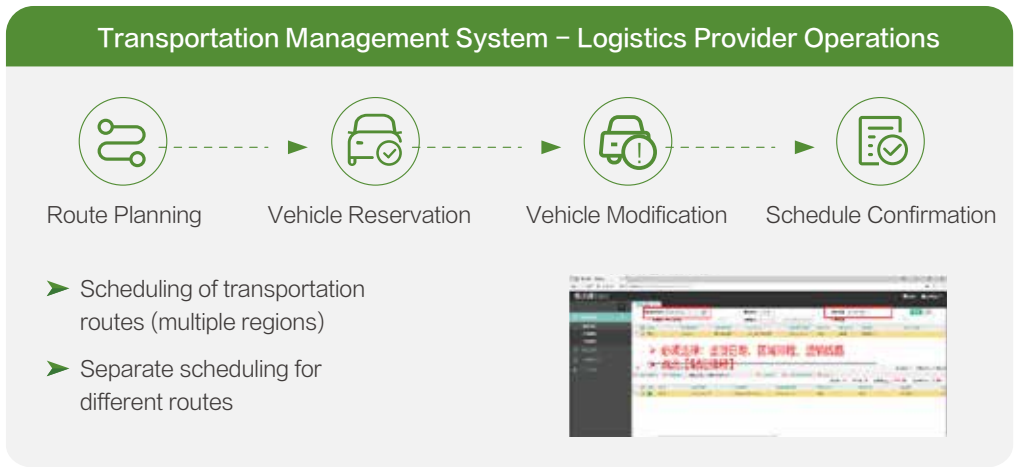
Given the industry characteristics of customized home furnishings, such as non-standard components and the exponential increase in warehouse SKU complexity, it has become increasingly difficult to maintain the traditional logistics systems. The company upholds the core concept of energy conservation and emission reduction, utilizing consolidated logistics methods to build a green logistics system. By promoting a "dry-warehouse-distribution" delivery model, the company aims to increase the utilization rate of unit transport resources, thereby reducing energy consumption, cutting pollution, and contributing to the development of a green China.

01 Intelligent Driving, Green Navigation

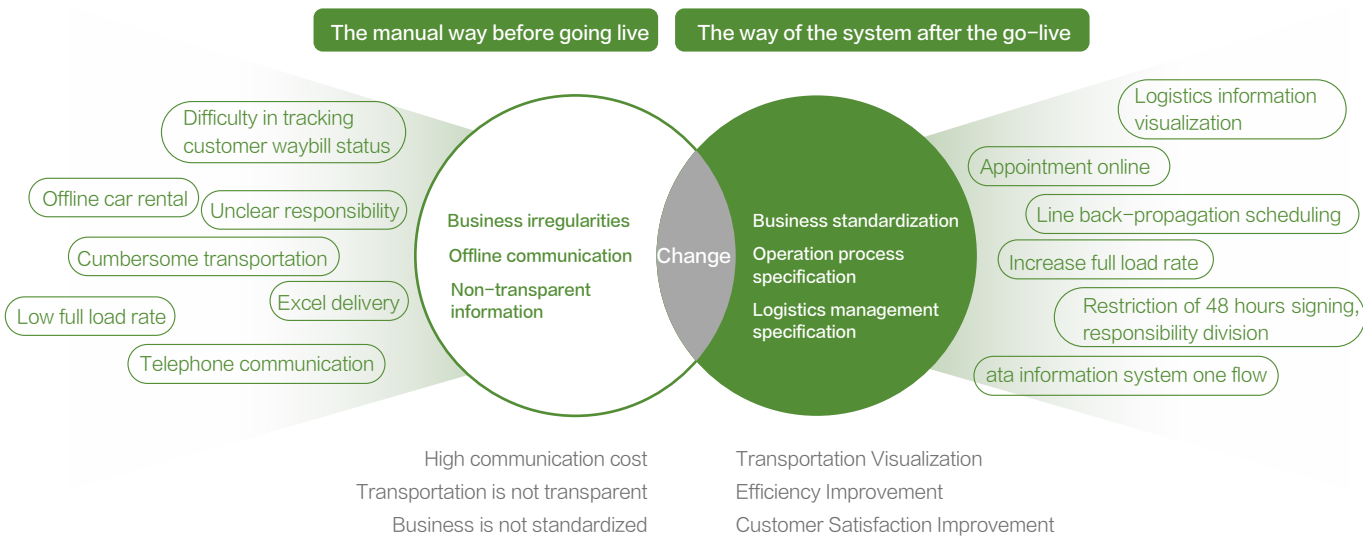
The company actively introduces an intelligent transportation management system to plan and optimize transportation routes precisely. The system analyzes real-time data such as order distribution and traffic conditions, reasonably arranges vehicle routes, improves vehicle load rates, reduces empty mileage, and effectively lowers fuel consumption and exhaust emissions. Currently, the system has been implemented across all factories.

Through systematic logistics management, more refined resource allocation optimization has become possible, reducing the occupation rate of social logistics resources and leading the industry in green logistics development. At the same time, the transportation management system can collect and store a large amount of transportation data, such as transportation costs, transportation time, vehicle utilization, and customer satisfaction. By analyzing and mining these data, the company can better understand the operational status of its transportation business, identify potential issues and optimization opportunities, and provide strong support for decision-making.

TMS System Route Planning



TMS System Advantages



02 Unlocking New Shipping Models, Building New Competitive Advantages

In the customized home furnishing industry, the dry-warehouse-distribution shipping model offers multiple significant advantages. It effectively addresses challenges in the logistics process (such as cost and operational quality) and helps businesses enhance operational efficiency and market competitiveness. As the core component of the company's logistics, the dry-warehouse-distribution model integrates trunk line transportation, warehousing, and distribution. This not only improves the operational quality of distributors, but also achieves the company's cost reduction and efficiency enhancement goals.

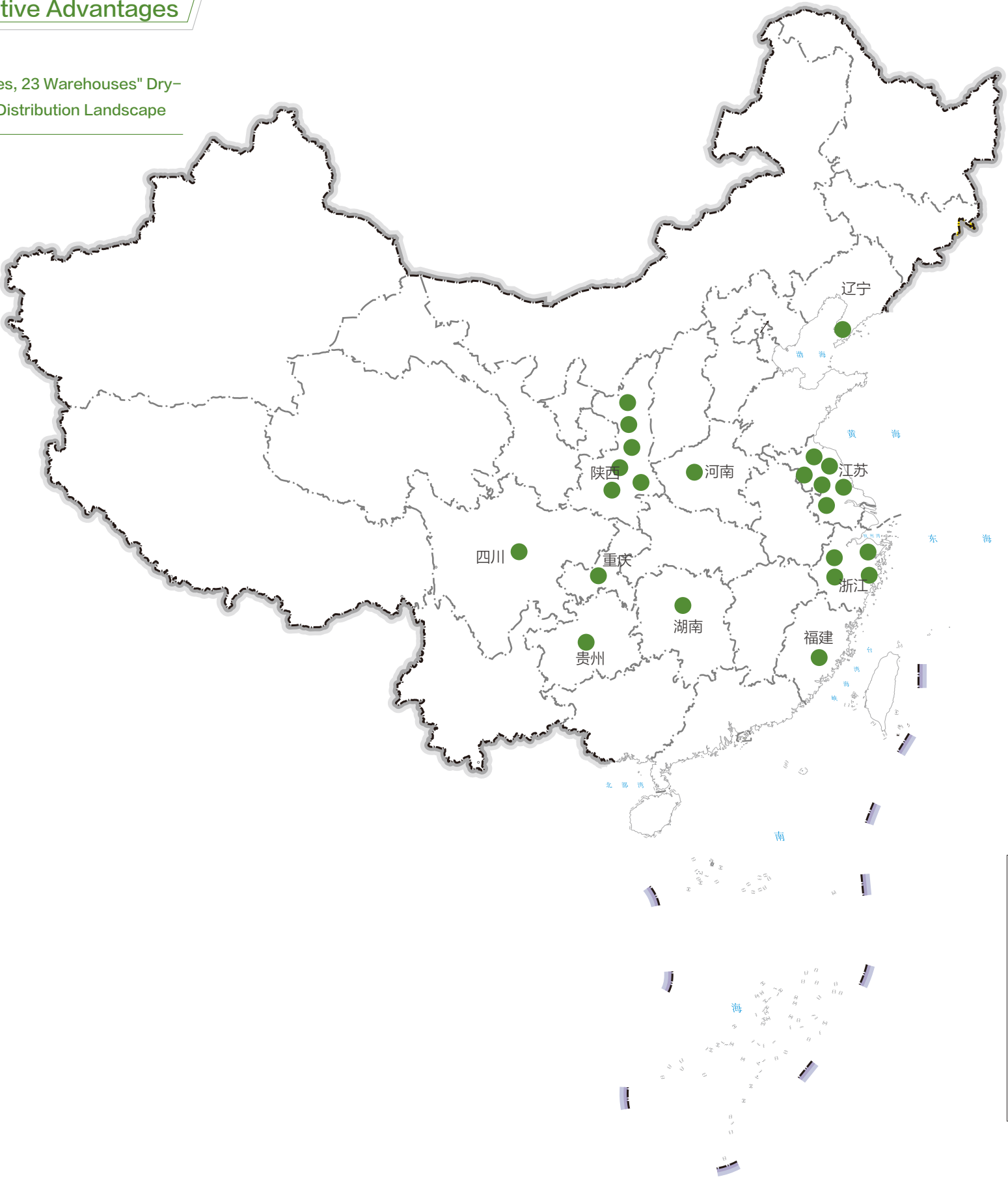
In the trunk line transportation segment, the company achieves economies of scale by integrating logistics resources and fully utilizing the carrying capacity and volume of transport vehicles. Large trucks are used for long-distance transportation, significantly reducing per-unit transport costs. In the warehousing segment, professional warehousing systems are employed for meticulous goods management. From accurate records at the time of product entry and reasonable planning of storage locations to rapid sorting and distribution during the outbound process, efficient operations are achieved. In the distribution segment, delivery routes and times are reasonably planned based on factors such as customer location and order requirements. Throughout the process, distributors can monitor the location and status of goods in real time, ensuring timely delivery and improving customer satisfaction. By integrating the three major segments, the company connects the entire supply chain from production to consumer terminals, reducing unnecessary logistics losses and promoting green and sustainable business development.



Shenyang Warehouse

Suofeiya has always actively implemented the concept of green development, closely collaborating with logistics partners and strictly following green environmental protection principles, continuously optimizing the logistics model. In the future, the company will continue to play a leading role, working with logistics partners to explore the infinite possibilities of green logistics, continuously enhancing the company's overall competitiveness, and contributing to achieving a beautiful vision for sustainable development.

“11 Provinces, 23 Warehouses” Dry-Warehouse-Distribution Landscape



03 RESPONSIBLE SUPPLY CHAIN MANAGEMENT



Suofeiya has always integrated sustainable development and responsible governance throughout the entire supply chain process. The company has built a transparent, safe, and low-carbon supply chain system through strict system design and innovative practices. In 2024, we further strengthened our supplier management system, supplier ecosystem dynamic optimization, and sustainable supply chain innovation practices based on our already robust supply chain governance framework.



Supplier Chain Management System and Policy Framework

Suofeiya has established a comprehensive supplier evaluation system covering the entire process of "supplier entry – cooperation – evaluation – exit" and has outlined the following core policies:

01 Green Procurement

Suppliers of key materials are required to meet environmental protection standards 100%. For the most important raw material—board materials—priority is given to partners with certifications such as FSC and national-level green factory qualifications.

As of 2024, Suofeiyi has over 300 global cooperative suppliers, with strategic-level suppliers accounting for 20%. The company prioritizes cooperation with suppliers who have secured ISO 14001 Environmental Management System certification and FSC certification.

02 Anti-Bribery Policy and Compliance Management

To standardize corporate business activities, jointly prevent commercial bribery, and protect the legitimate rights of Suofeiya and its partners, the company follows the principles of fairness, transparency, and notarization. This policy is implemented through restraint of rules and contracts, technical controls, and an internal audit and supervision mechanism:



Contractual Constraints

Supplier and procurement contracts cover 100% of the agreements, with anti-bribery clauses embedded in procurement contracts. Suppliers pledge to prohibit any form of bribery, kickbacks, and illicit benefits transfer.



Technical Control

The company uses a digital procurement platform to enable the entire process of bidding, price approval, and contract signing online, reducing human intervention.



Internal Audit and Supervision Mechanism

A cross-departmental audit team is established to inspect the compliance of internal procurement activities and processes regularly. Non-compliant activities must be rectified within a specified period. An independent whistleblowing channel is set up, and anti-corruption training is conducted regularly.

03 Quality Assurance Policy

Quality Assurance Policy: The company implements the ISO 9001 quality management system and requires suppliers to provide third-party quality certifications (such as SGS test reports). A "Raw Material – Production – Finished Product" three-level quality inspection mechanism is also implemented.

Supplier Access Mechanism and Supplier Ecosystem Dynamic Optimization

01 Supplier Access Mechanism

Suofeiya has built a rigorous supplier access review system. In addition to assessing research and development management, production capacity & supply management and quality management, the company also evaluates suppliers from multiple perspectives, including environmental compliance, labor rights, and business ethics.



Diverse Capability Evaluation

In research and development management, examine the supplier's investment in R&D, team strength, and innovation achievements to assess their technological competitiveness; In production capacity and supply management, evaluate production capacity, supply stability, and logistics and distribution processes; In quality management, review the supplier's quality system, control processes, and previous quality data.



Social Responsibility Evaluation

In environmental compliance, check the supplier's adherence to environmental regulations and energy-saving and emission-reduction measures; In labor rights, ensure that they comply with labor laws and protect employee rights; In business ethics, assess whether there are any improper business practices and whether they operate with integrity.

02 Digital Management

Driven by the wave of digitalization, Suofeiya actively embraces change and upgrades its supply chain management using advanced technological means. The SRM system (Supplier Relationship Management System) plays a key role in achieving the digital management of the entire process, including order flow, delivery information, and cash flow, as well as efficient business collaboration, injecting strong momentum into the company's supply chain operations.



03 Dynamic Optimization of Supplier Ecosystem

The company conducts annual supplier grading assessments, and suppliers with poor performance are placed on the corrective action list. If they fail to meet standards after correction, cooperation would be terminated. Through a process of natural selection, the company dynamically optimizes and improves the overall level of its suppliers.

Regular Assessment Mechanism

Suppliers are assessed annually in various areas, including product quality, on-time delivery rate, and environmental performance. The assessment results are categorized into four levels: excellent, good, qualified, and unqualified. Excellent suppliers are rewarded, encouraging them to proactively improve their overall performance.

Rectification and Elimination Mechanism

Unqualified suppliers are placed on the corrective action list, and the company assists in developing a corrective plan and monitors progress. If they still fail to meet standards after rectification, cooperation would be terminated.



Supplier Admission and Evaluation System





Sustainable Supply Chain Innovation Practices

Green Packaging System Upgrade

In 2024, the company fully implemented the aluminum frame door packaging material innovation plan. By establishing a heat shrink film packaging process standard system, the company achieved a 100% transition from paper to plastic for aluminum frame door product packaging materials. According to a Life Cycle Assessment (LCA), this innovative measure is expected to reduce corrugated cardboard consumption by 170,000 square meters annually, which keeps approximately 3,400 mature trees from being felled. The packaging weight is slashed by more than 90%, facilitating carbon emission reduction during transportation. Additionally, the recycling and reuse rate of the heat shrink film packaging materials reaches up to 90%.



Edge Banding Material Lightweight Innovation Design

In 2024, while maintaining product quality and enhancing aesthetic appeal, the company achieved a reduction of 136 tons in edge banding material consumption throughout the year through optimization of edge banding technology and innovative lightweight design of edge banding materials.

Emission Reduction and Low Carbon Technology Innovation

Suofeiya, in strategic collaboration with core equipment and material suppliers, has innovatively developed and promoted the "Powder Electrostatic Spray Particleboard Door Panel," which replaces 90% of traditional painted door panels. This technology achieves zero VOC emissions throughout the production process, completely eliminating volatile organic compound (VOC) pollution. Additionally, by optimizing the process, the carbon footprint of each product is reduced by over 50% compared to traditional methods, making it a benchmark case for the industry's low-carbon transformation.

Supply Chain Social Responsibility Linkage

We have established long-term partnerships with suppliers that excel in sustainable development and social responsibility practices. These include hardware suppliers such as Austria BLUM and Austria HETTICH, decorative paper suppliers like Germany Schattdecor, and panel suppliers such as Fenglin Group and Wanhua Hexiang Group.

In 2024, the company's panel procurement contributed to green environmental protection and carbon sequestration efforts.

Indicators	Particleboard	MDF (Medium Density Fiberboard)
Total Carbon Sequestration	785,500 tons CO ₂ e	88,100 tons CO ₂ e
Total Production Carbon Emissions	102,100 tons CO ₂ e	15,800 tons CO ₂ e
Net Carbon Benefit	683,400 tons CO ₂ e	72,300 tons CO ₂ e

Suofeiya uses its industry-leading Industry 4.0 full-link digital governance as the cornerstone, driving sustainable industry development through innovation and collaboration. Through systemic and digital governance, ecological collaboration, and value co-creation strategies, Suofeiya leads and promotes the construction of a compliant, transparent, and sustainable supply chain ecosystem and governance system. The company is gradually achieving penetrative management of supplier carbon data, driving ecological chain partners to co-create a "zero-carbon blueprint" for the home furnishing industry. By reshaping the industry's circular economy paradigm through a business-ecology value symbiosis, Suofeiya is moving toward a net-zero value chain goal, offering solutions for the global sustainable home transformation.



04
QUALITY
INNOVATION

Standard Iteration Leading Industry Upgrades

As a leading company in China's customized home furnishing industry, Suofeiya continues to iterate and upgrade various standards in response to increasing market competition, consistently regulating itself with stricter requirements. In 2024, the company released and implemented two major standards: the Childcare and Infant Living Environment Safety Control Specifications (referred to as the "Infant and Toddler Standard") and Custom Wooden Cabinet Core Indicator Quality Grading (referred to as the "Super One-Level Quality Standard"). These upgrades focus on solving consumer pain points, rebuilding market trust and customer loyalty, and further enhancing market competitiveness.

01 "Infant and Toddler Standard" Supporting Industry Environmental Upgrades

In July 2024, Suofeiya's "Beautiful Lifestyle 2.0" was launched, along with the release of the "Childcare and Infant Living Environment Safety Control Specifications." The formaldehyde emission limit defined in the Infant and Toddler Standard, which is $24H+ \leq 0.020\text{mg/m}^3$, is much better than the highest level of the new national standard (ENF level). The formaldehyde release limit is 20% lower than the ENF level, making it extremely strict. Monthly environmental testing data shows that Suofeiya's Kang-Chun-Ban products not only release formaldehyde levels far below the new national standard ENF level, but also comfortably within the standard set in the Infant and Toddler Standard. This illustrates Suofeiya's commitment to its own strict environmental protection standards.

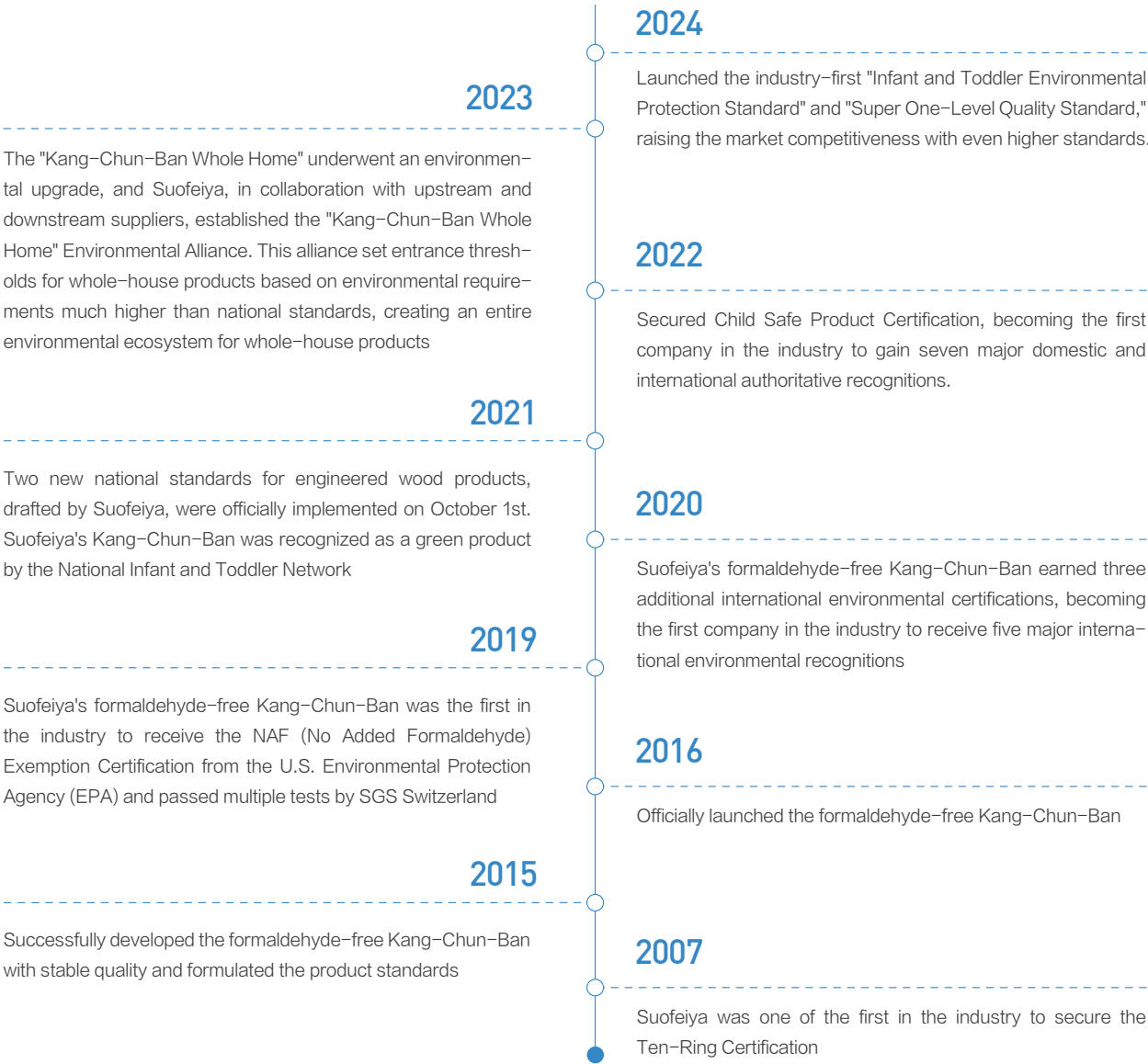
02 "Super One-Level Quality Standard" Refreshes the Industry's "Quality Concept"

In September 2024, Suofeiya launched the "Super One-Level Quality Standard" in response to consumers' shifting demands from basic functionality to a dual focus on environmental protection and high quality. The company also addressed the issues of market disparity and information asymmetry. This new standard introduces 12 stringent core quality indicators across three dimensions—environmental protection, durability, and hardware—precisely addressing the pain points of "too many standards, messy information, and difficulty in decision-making." It provides consumers with a more comprehensive, systematic, and scientific guide to home furnishing purchases, ensuring they enjoy superior quality. This important initiative not only restructured the comprehensive quality evaluation system, but also rectified the market's long-standing focus on environmental protection of materials while neglecting overall quality, shattering the practice of single-dimensional competition.



The first batch of entities awarded with the "Infant and Toddler Health Care Project Recommended Product" certificate by the National Infant and Toddler Network.

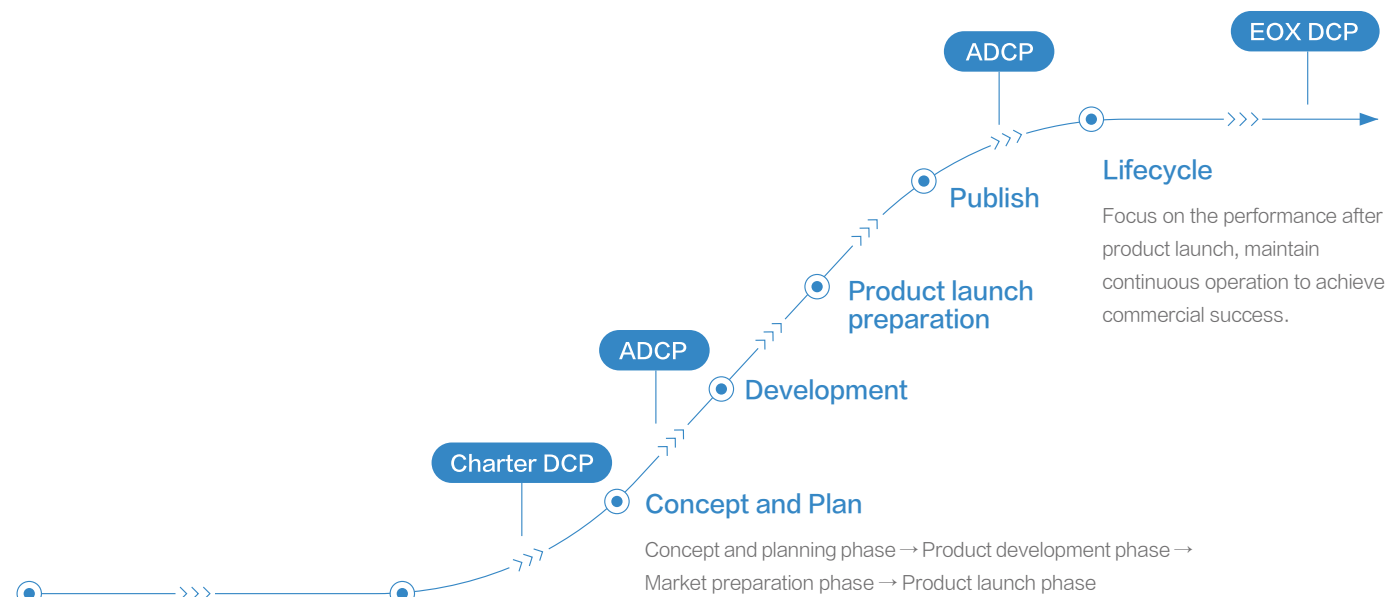
Eighteen Years of Environmental Innovation and Upgrades (2007–2024)



Technological Innovation Leading Industry Transformation

Technological innovation is the fundamental driving force behind high-quality development. Since its founding, Suofeiya has always placed high emphasis on innovative development, constantly breaking through industry technological bottlenecks, growing into a company with a worth of more than 10 billions, and driving the development of China's customized home furnishing industry with the power of innovation.

01 1.Innovation & Transformation Driven by the IPD System



Brand Product Planning

Apply the strategic "Five Looks and Three Determinations" methodology, deeply explore the customer's "core value" and "core demands" with user demand value at the center, shaping a whole-house lifestyle.

The IPD system reform has significantly improved the company's product research and development, organizational management, and supply chain collaboration.

Process and Efficiency Innovation

Through the IPD system reform, Suofeiya optimized its product development process, strengthened process structuring, and enabled parallel development across functional areas. Under the IPD model, the product development process change rate dropped to 0.4%, and the overall cycle from product planning to development launch was shortened by 34%– 52%. The product development cycle was reduced by 39%– 79%, achieving the goal of focused and efficient output.

Cost and Quality Innovation

The IPD system also played a crucial role in cost control. The average development cost of surface materials was reduced by 10%, effectively achieving the cost reduction target. At the same time, the product quality significantly improved, with complaints about new products decreasing by 16% year-over-year and the error rate for new product samples decreasing by 24% year-over-year. The product change rate was reduced from 13.4% to 0.4%, significantly enhancing product quality stability. This improved consumer satisfaction and reduced after-sales costs, enhancing the brand image.

Forecasting and Collaboration Innovation

The IPD system encourages early multi-functional involvement in decision-making, and cross-department teams operate in a strong matrix model. By establishing quality planning and review mechanisms, potential issues, risks, resource inputs, and corresponding solutions are identified early, ensuring the scientific nature of decisions. In supply chain management, the company reduced information asymmetry starting from demand, improving supply chain efficiency. It emphasized collaboration across supply chain stages, promoting coordination through information sharing and synchronized decision-making.

02 Adhering to Process and Technology R&D to Build Competitive Strength

Powder Coating Process R&D to Meet Consumer Demand

According to market research, consumers have a strong demand for high-end powder-coated products, but the price barrier has limited their universal presence. The company, starting from the market pain points, boldly proposed an innovative solution using particleboard as the base material, making the product more price-competitive.

During the R&D process, several innovations and breakthroughs were achieved—strictly controlling the ratio of glue and fillers, accurately adjusting production parameters such as temperature, pressure, and moisture content to ensure the base material's surface achieves the optimal smoothness; to enhance quality and aesthetics, the engineering team experimented with various edge banding materials, including paper, PVC, PP, and natural wood veneer, evaluating their performance, cost, and appearance, ultimately selecting paper edge banding; for surface coating, precise control of coating equipment parameters and paint formulations was implemented to ensure uniform and stable application, resulting in a delicate and smooth surface; the use of 69-inch powder-coated particleboard was increased, improving board utilization by 6% to 9%, optimizing resource allocation; in terms of environmental protection, zero-VOC emission powder coatings were adopted, aligning with the company's commitment to sustainable development.



Particleboard Handle-Free Powder Coating Process Details

Standardized Modular R&D to Improve Product Delivery Efficiency

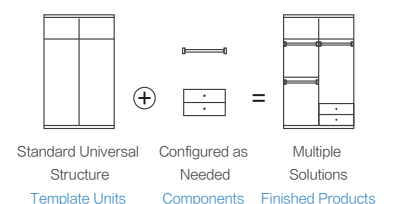
Standardization is the key to Suofeiya's efficient operations, enhancing product stability and competitiveness. We always maintain a user-centered approach, embedding standardization throughout the entire product development process.

The company has launched a modular product promotion project for categories such as cabinets, whole-house combination wall panels, and Milanna wardrobes under the full brand matrix. The goal is to further improve product quality and delivery efficiency through standardized design and regulated production processes.

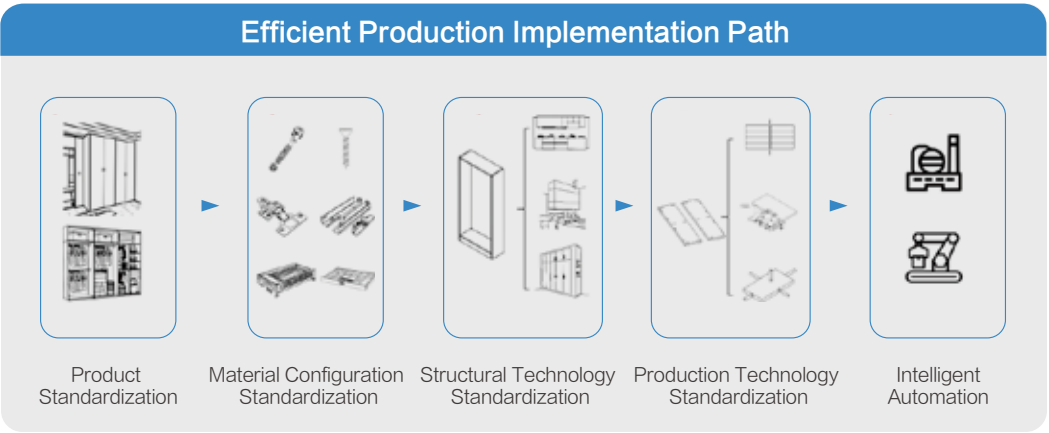
The project includes solutions such as the "standard unit cabinet + modular unit cabinet + non-standard unit cabinet or panel adjustment" for cabinets, the "one-click drag-out large combination" and "self-assembled small combination" solutions for whole-house combination wall panels, and the "unit cabinet + functional component package" standard structural unit for Milanna wardrobes as a pilot.



Wardrobe Structure Standardization Solutions



The standardized structure ensures unified and stable design, reduces errors, and guarantees delivery quality. This initiative has brought higher efficiency and quality assurance to product design and production.



Edge Banding Visual Inspection System, Achieving "Smart Eyes" in Intelligent Manufacturing

In the manufacturing process of panel furniture, the edge banding process directly affects the product's appearance, durability, and overall quality. Traditional edge banding inspection primarily relies on manual labor, which is inefficient and susceptible to human error, leading to misjudgement and missed inspections.

The visual inspection system, on the other hand, replaces the human eye with industrial cameras, performing complex tasks such as identification, measurement, and positioning through an intelligent system. The company combines the demands of the edge banding process with visual inspection technology to accurately identify various defects in the edge banding process, such as edge chipping, corner loss, adhesive failure, glue lines, short bands, scraping marks, and more. Using high-precision image acquisition and processing technology, the system achieves comprehensive monitoring of edge banding quality, ensuring that every product meets quality standards.



Transformation of Innovative R&D Achievements, Continuously Stimulating Innovation Vitality

01 Leading the "14th Five-Year" National Key R&D Project, Supporting Talent Cultivation

In March 2024, the "14th Five-Year" National Key R&D Plan project, "Key Technologies for Smart Manufacturing of Forest Products Based on Digital Collaboration", held its launch meeting in Zengcheng, Guangzhou. This project is led by Suofeiya and jointly undertaken by 10 leading research institutions, universities, and industry-leading enterprises, including the Research Institute of Wood Industry of the Chinese Academy of Forestry, Nanjing Forestry University, Central South Forestry University, Southwest Forestry University, among others. As the leading entity of the project, Suofeiya was approved for this national key R&D project, making it the only one in the industry led by an enterprise.

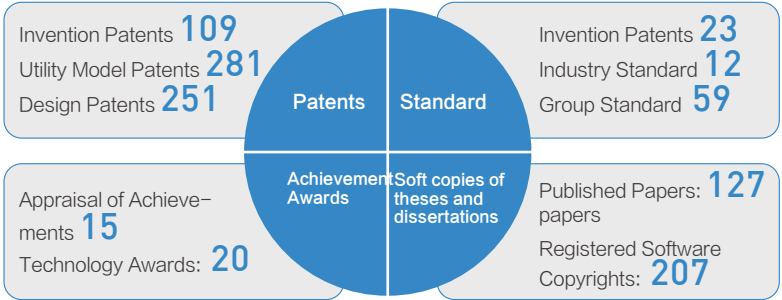


02 Awarded First Prize in Guangdong Province Science and Technology Progress, Stimulating the Company's Innovation Vitality

On October 17, 2024, the CPC Guangdong Provincial Committee and Guangdong Provincial Government held the Guangdong Province Science and Technology Award Ceremony and Provincial Science and Technology Innovation Conference in Guangzhou, announcing the winners of the 2023 Guangdong Provincial Science and Technology Awards. The project "Key Technologies and Industrialization of Mass Customized Personalized Panel Furniture Smart Manufacturing", led by Suofeiya, took the lead in the custom home furnishing industry and won First Prize of the 2023 Guangdong Provincial Science and Technology Progress Award. This is the highest honor for scientific achievements in the province and positions the company at the forefront of high-quality development in the custom home furnishing industry.

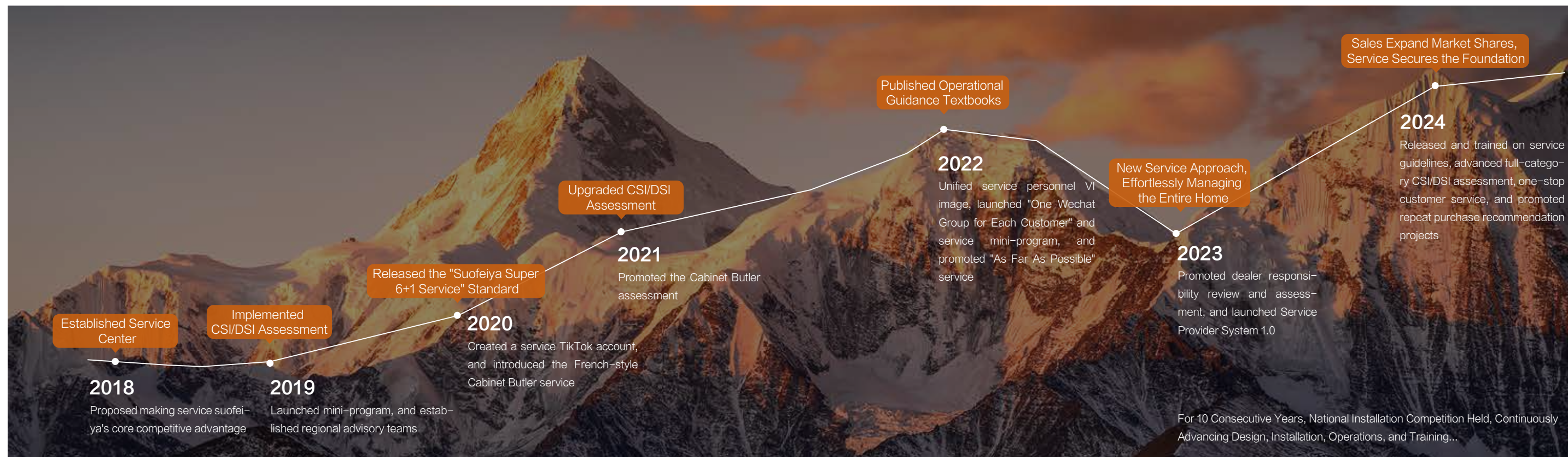


Innovation knows no boundaries. In this era of rapid intelligent transformation, Suofeiya continues to accelerate the cultivation of new economic growth drivers through sustained technological innovation, providing customers with higher-quality products and solutions, and maintaining its vitality.





05 SERVICE UPGRADES



Note: CSI - Consumer Service Index System; DSI - Dealer Service Index System

Service Guidelines Leading the Continuous Development of Industry Service Standards

To implement the core strategy of "Customer-Centered," in March 2024, the company released the Suofeiya Service Guidelines, covering the entire business process from sales, design, production, distribution, and installation to after-sales service. The guidelines include 84 standardized service regulations, aiming to shift service issues from "passive resolution" to "active prevention." The purpose of these guidelines is to:



Enhance the end customer experience and strengthen brand trust;



Optimize dealer operational efficiency and reduce service costs;



Promote the efficient utilization of company resources to support sustainable business development.

In 2024, 102 service-related training sessions were held around China, covering the three major areas of design (55 sessions), installation (40 sessions), and operations (7 sessions). A total of 6,428 participants attended, with 100% coverage of key positions.



General Provisions

The general provisions clarify the purpose and objectives of the service guidelines, with a focus on the service relay race based on customer theory and the service philosophy of regional autonomy. They provide clear guidance for the other six chapters.

Sales Section

The sales section requires that when receiving customers, not only should sales be conducted in compliance with the law and with clear pricing, but also that a strong service awareness should be demonstrated, ensuring customers feel our professionalism and enthusiasm.

Design Section

The design section provides comprehensive and detailed requirements, enhancing design skills and abilities from four dimensions: product appearance, details, current use, and future use. The goal is to ensure that a satisfactory design solution is provided to customers.

After-Sales Section

The after-sales section provides full protection for customer rights, requiring timely responses from after-sales staff, high-quality home furnishing management services, and enhanced customer satisfaction.

Installation Section

The installation section focuses on customer experience, standardizing the behavior of installation and delivery personnel to ensure efficient and high-quality installation services.

Logistics Section

The logistics section clarifies the responsibilities and behavior standards for the delivery process, ensuring on-time delivery, standardized operations, and enhancing customer satisfaction.

Production Section

The production section emphasizes strict control over product quality, details, and order completeness ratio, ensuring that both dealers and customers receive a high-quality service experience.



Smart Service Upgrades for Full-Chain Efficiency

Intelligent Scheduling System Optimization

Based on the order category progress and installation team skill levels, the system manages scheduling for 10 major product categories, including wardrobes, cabinets, and more. The "one door-visit + flexible disassembly" model shortens the construction cycle, improves the completion ratio of the first visit, and effectively reduces the customer's time cost.

Customer Feedback Closed-Loop Management

An installation service real-time feedback mechanism has been established, with feedback data directly linked to the "Customer Voice" platform. A positive cycle is formed by visualizing service cases through property location mapping: customer supervision → team improvement → service optimization.



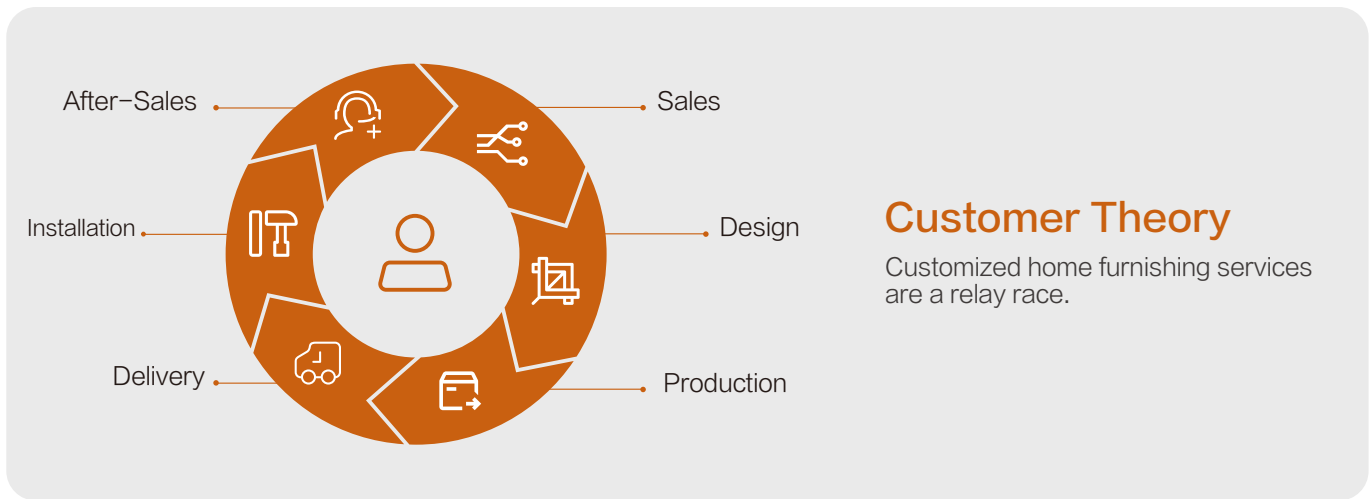
Full-Process Relay Service Collaboration

Service Process Standard Management

Deepen the "Suofeiya Super 6+1 Service" standard, converting six major stages—sales, design, production, etc.—into relay nodes that can be quantified and assessed. Establish a supervision mechanism for handover processes (e.g., the installation team checks the design team's product design standards, and the supervision team checks the installation team's standards).

Customer Lifecycle Management

Implement a pre-service demand mechanism, embedding service pain point solutions on transportation, installation, after-sales, and other aspects into the R&D phase. Through the IPD integrated development strategy, enhance product-service compatibility and reduce after-sales repair rates.



Establishment of Service Indicator Meteorological Station

Graded Dynamic Assessment

A service data model for dealers is established (based on scale and region), enabling real-time visualization of CSI rankings within the same level. Grouping and ranking dealers of similar scales drive healthy competition within groups and encourage communication and mutual learning between dealers.

Data Diagnostics of Service Status

The dealer data hub is opened, integrating trend tracking of five core indicators, including customer satisfaction and complaint rate. The cost attribution model identifies the service weakness points for rectification and improvement. Based on the data, the headquarters service center develops empowerment measures to reduce dealers' annual service costs.



Creating a high-quality service assessment system

To implement the company's "multi-brand, full-category, omnichannel" development strategy and respond to the demands of "customer foremost" and "leaving the difficulties to ourselves and the convenience to our dealers," Suofeiya has developed a one-stop service system to address the pain points of dealers dealing with multiple touchpoints across product categories. This system effectively enhances both customer and dealer experiences and satisfaction.

For Dealers

Service satisfaction score of 4.68 (target value: 4.5)

The one-stop service resolves the pain points of dealers dealing with multiple touchpoints across all product categories, reducing dealer operational costs, improving service efficiency, and effectively enhancing customer satisfaction and happiness, thereby reducing the effort required by dealers in coordinating with multiple departments.

For Factories

Satisfaction rate of 97.99% (target value: 96%)

Increases the stickiness with dealers with a more comprehensive data collection dimension. The support provided to dealers is more targeted and comprehensive. After implementing the project, dealer satisfaction with the one-stop customer service continues to rise.

Service Skill Training Implementation

To enhance the skill level of installation and delivery professionals nationwide and lead the industry in valuing the cultivation of skilled talent and improving service standards, Suofeiya has held the National Installation and Delivery Professional Skills Competition for ten consecutive years. The company organizes regional competitions at different levels, encouraging nationwide installation and delivery professionals to improve their skills through competition, thus enhancing their professional expertise.



At the same time, the company regularly holds specialized training sessions titled "Sales Expand Market Shares, Service Secures the Foundation", with seven training sessions having been launched across the company's seven major production bases, covering 1,082 participants. The training involves key positions such as owners, project managers, installation directors, design directors, and marketing directors. Through systematic learning, the training enhances the service capabilities of various positions.



06 JOINT GROWTH



In the face of economic fluctuations and market uncertainties, the value of talent has become increasingly prominent. Suofeiya has implemented a series of measures to promote talent development and seek breakthroughs. In an environment where talent is prioritized, the company ensures alignment across all levels, with shared values and a collective mindset, working together towards common goals.



AAA-level Harmonious Labor Relations Enterprise



AAAA-level Harmonious Labor Relations Enterprise

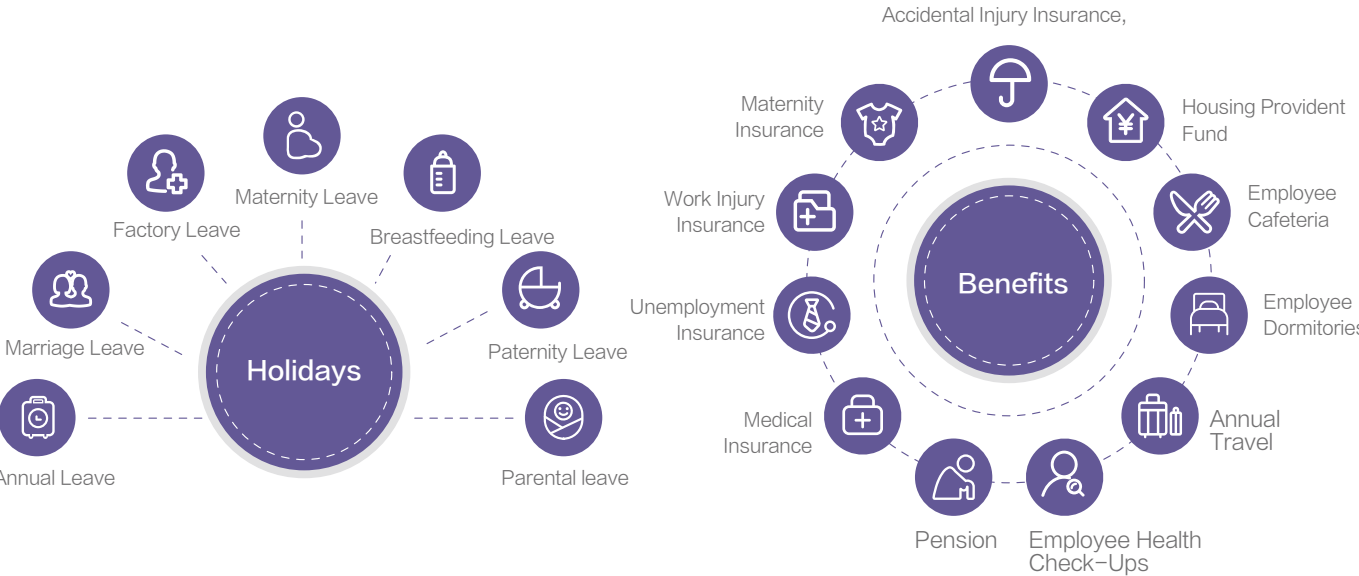
Employee Benefits Protection

01 Compliance with Labor Relation Regulations

Suofeiya strictly adheres to relevant laws and regulations in the People's Republic of China, including the Labor Law of the PRC, the Labor Contract Law of the PRC, the Regulations on the Implementation of the Labor Contract Law of the PRC, and the Social Security Law of the PRC, to lawfully protect employees' rights and interests.

The company standardizes labor contract management by signing labor contracts with employees in accordance with the law, achieving a 100% labor contract signing rate. The signing and renewal processes are standardized. The company legally prohibits the employment of child labor and continuously improves the company's labor management system. It also complies with labor protection department requirements to standardize labor employment practices and safeguard the legitimate rights of both employees and the company.

The company strictly implements national regulations on social insurance, making full monthly payments for social insurance and housing provident fund, ensuring that employees can timely enjoy relevant benefits.

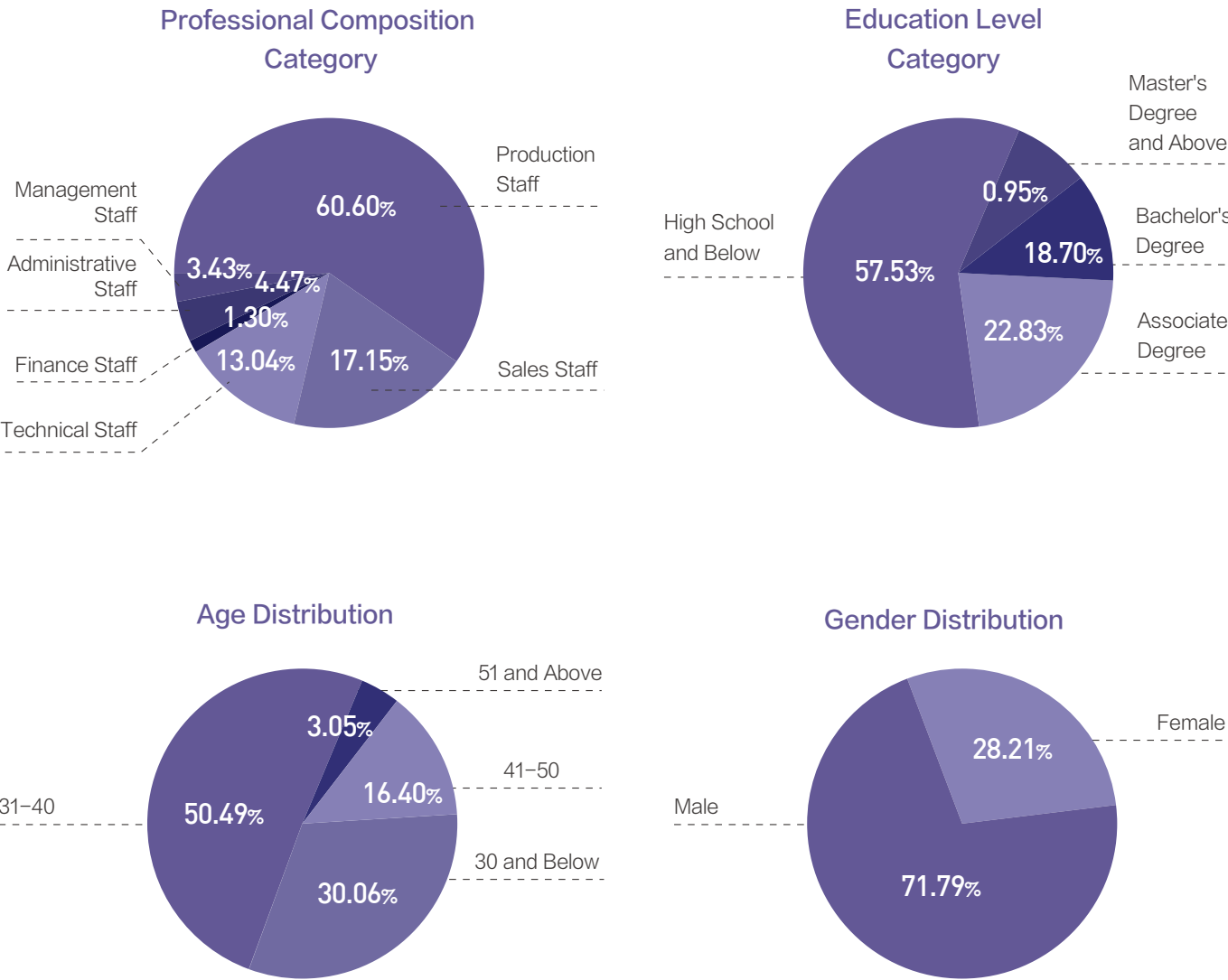


02 Harmonious and Equal Employment Relationships

Suofeiya has established a standardized yet flexible organizational structure and a diverse talent pool. The workforce includes comprehensive management talents whose careers developed from the production line, as well as professionals with advanced management concepts in specialized fields. The company focuses on meeting the needs of its continuous and rapid development, aiming to build a healthy, harmonious, and equal employee employment system.

Suofeiya resolutely opposes discrimination based on gender, region, religion, or other factors and strictly prohibits the employment of child labor and forced labor. The company promotes equal pay for equal work for both men and women, along with a human-centered labor policy, creating a work environment of mutual respect, inclusion, and close camaraderie. This continuous effort enhances employees' sense of happiness and satisfaction.

Total number of employees during the reporting period: 12,901



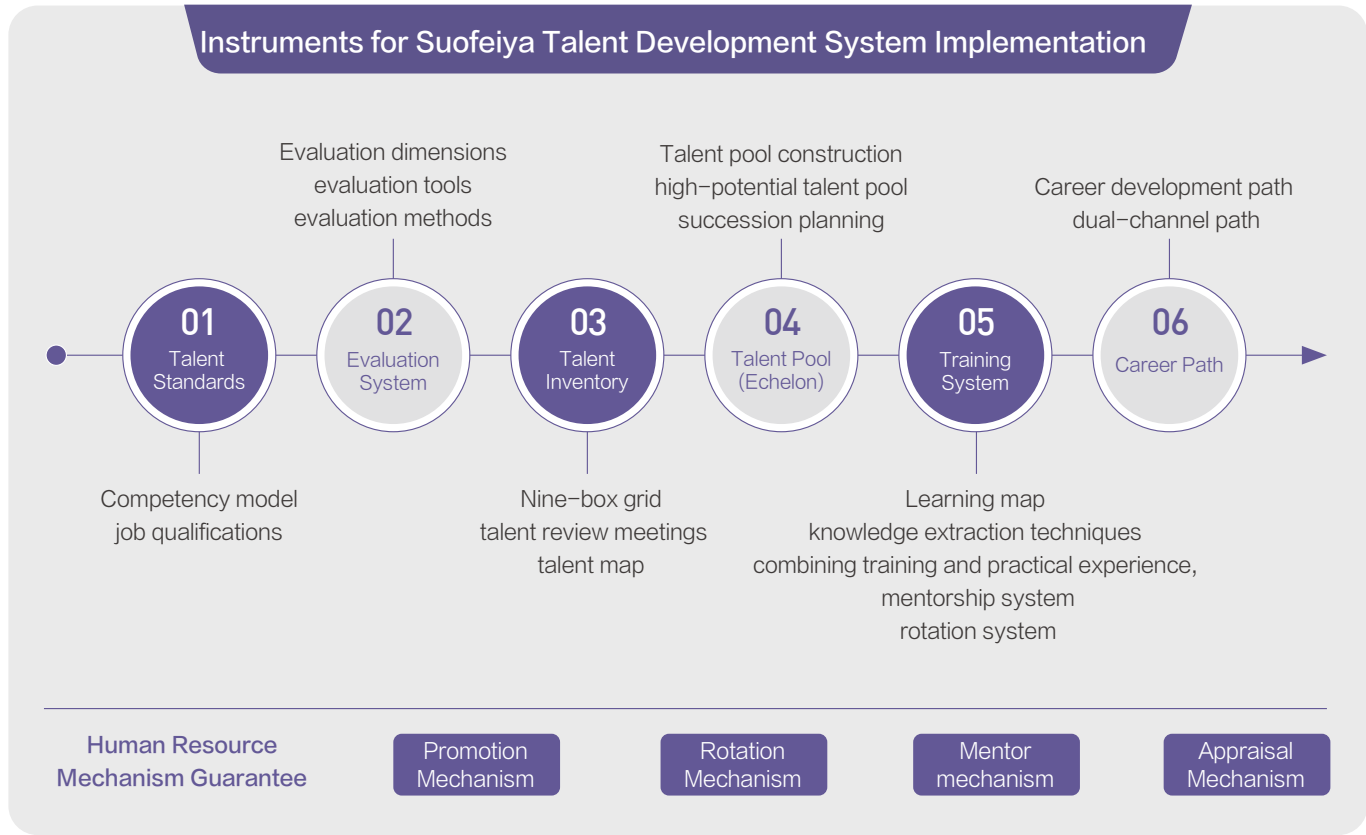
03 Incentive System

Suofeiya has established the Remuneration Management Measures for employees, setting up competitive remuneration standards and a reasonable incentive mechanism. Based on safeguarding employee rights, the company fully motivates employees, stimulates their potential, and maintains the internal driving force for the organization's continuous development. The company clearly defines its value distribution orientation, effectively aligning personal development with corporate growth. It has created a competitive remuneration system that attracts, motivates, and retains talents.

Each department determines salary based on job responsibilities, following the principles of value, market standards, performance, and diversity. The salary is comprehensively considered based on factors such as delivery, responsibility, and efficiency. Quantifiable and assessable indicators are established based on work quantity, quality, efficiency, and economic value, reflecting the principle of fair distribution based on labor and rewarding higher contributions. This motivates employees to improve work efficiency and creates a win-win situation for both the company and its employees.

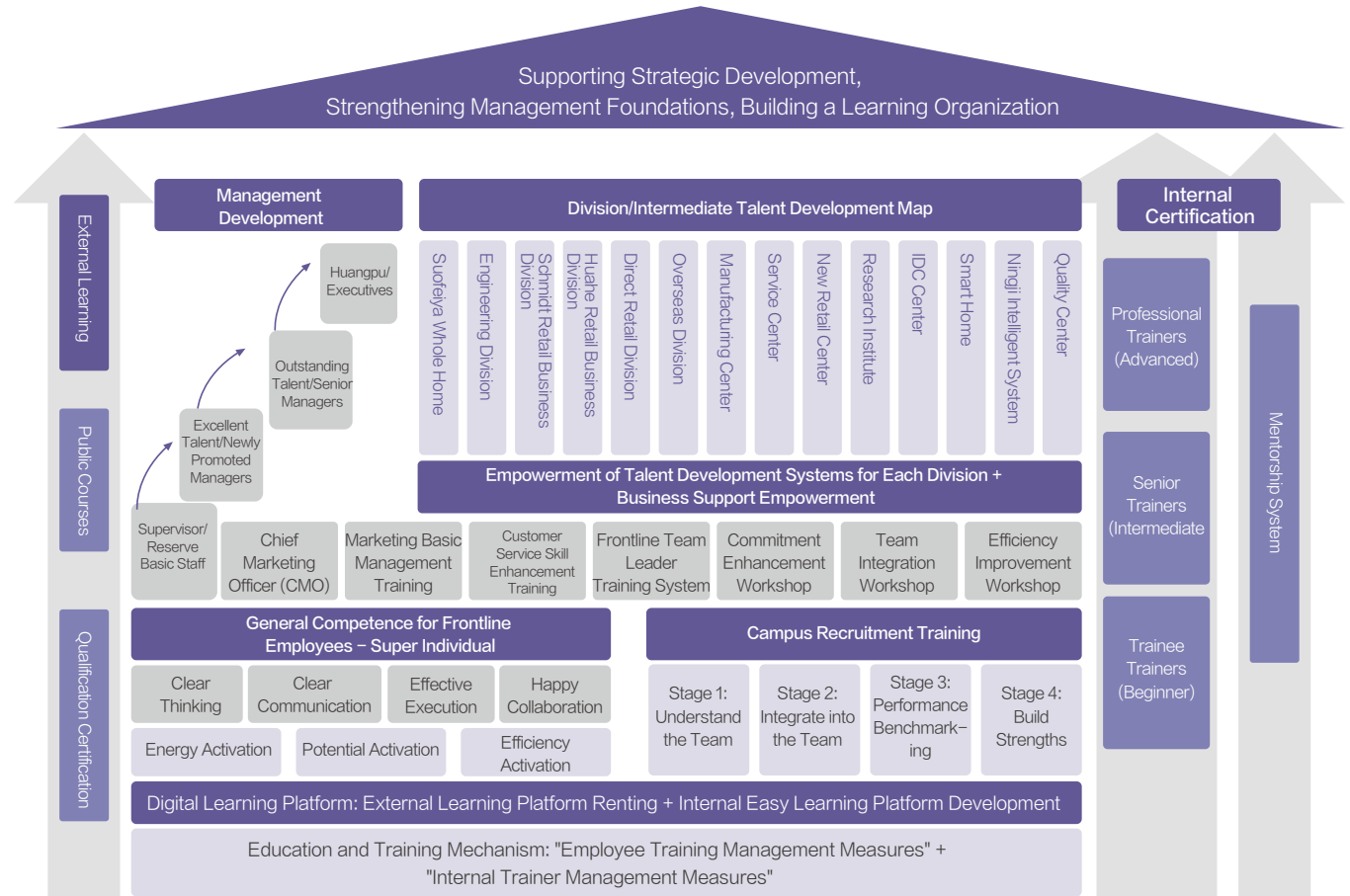
Employee Growth

Suofeiya focuses on "Strategy-Driven, Technology-Enabled, and Talent-Driven" as its core approach. In 2024, based on the full lifecycle talent development system, the company further promotes the "AI + Talent" model and deepens the "Business + Talent" development strategy. This fosters the deep collaboration between talent development and business goals. Under the talent development strategy, the company has established different training and development paths for various employee groups based on their levels and needs.



A Deeper Focus on Whole-House Talent Development

In the new generation era, focusing on intergenerational leadership and stimulating employees' energy and vitality . At the same time, the company taps employees' potential and strengths, empowering their career planning. The company enhances office efficiency by integrating AI tools, thereby improving the breadth and depth of talent development and training. Addition-ally, the company leverages "Online Learning Platform – Talent Development Academy" and "Internal and External Online Learning Resources" to improve training efficiency.



Launch of Advanced Training Program

In 2024, the company, in collaboration with Renmin University of China, launched the "Renmin Business School & Suofeiya CMO Advanced Training Program." The CMO Advanced Training Program was carefully planned by integrating the deep academic foundation of Renmin University's renowned professors and advanced marketing methodologies from both domestic and international sources. This training program allows team members to enhance their ability to cope with market volatility through systematic learning and practical application, collectively building the company's sustainable growth capacity to better address market challenges.



Care for Female Employees

To show care for female employees, the company ensures maternity leave, breastfeeding leave, and other rights for female employees, and has established a mother-and-baby room in office areas. The company organizes various cultural, entertainment, and sports activities for female employees to enrich their leisure time. On International Women's Day, the company and its regional subsidiaries carefully plan warm holiday activities, offering holiday benefits to all female employees. Moving forward, the company will continue to focus on the needs of female employees and support each individual in achieving better development.



Employee Activities

Golden Autumn Music Festival

The company carefully organized the music festival to create a dedicated stage for employees, allowing them to fully unleash their passion, showcase their interests, and display their talents.



Sports and Culture Festival

To promote the concept of a healthy lifestyle and happy work, and to help employees maintain a strong physique and vibrant spirit, the company regularly organizes sports and cultural activities for employees.



New Year's Eve Event

During the New Year holiday, coinciding with the company's relocation to a new office, the company prepared a delightful tea break, relocation-themed games, and gifts for employees. The event was held in a warm atmosphere, where everyone celebrated the move together, and the scene was overwhelmed with liveliness and joyfulness.



Team Building



Employee Tourism



Birthday Parties



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, reaching towards a blue sky with light clouds. The perspective creates a sense of height and scale. The buildings are dark, and some windows are illuminated from within, showing warm yellow light. The overall tone is professional and corporate.

07

SOCIAL RESPONSIBILITY

Actively Fulfilling Social Responsibility and Facilitating the Development of a Friendly Healthcare Environment.

Suofeiya makes in-depth efforts to implement the "Healthy China 2030" strategic plan, fulfilling its social responsibility and assisting in creating a more friendly and healthy medical service environment. To date, the company has partnered with multiple urban operators and actively participated in public welfare projects aimed at creating healthcare-friendly environments in national children's medical centers, maternal and child health hospitals, community hospitals, and other medical institutions at various levels. These initiatives have covered regions including the Yangtze River Delta, Pearl River Delta, and Central China.

The project includes institutions such as Shanghai Children's Medical Center, Shanghai Fudan University Affiliated Pediatric Hospital, Zhejiang Provincial Maternal and Child Health Hospital, Wuhan University Zhongnan Hospital, Wuhan University People's Hospital, Jiangsu Provincial Maternal and Child Health, Shenzhen Maternal and Child Health Hospital, Xiangyang Central Hospital in Hubei Province, Wuhan Union Hospital Pediatric Hematology Department, Nanjing Children's Hospital, and Haizhu District Maternal and Child Health Hospital in Guangzhou, among others. The project uses environment-friendly ENF-grade Kang-Chun-Ban, providing patients and medical staff with an eco-friendly, healthy, and safe environment for treatment and work, supporting national efforts to improve healthcare infrastructure. Recently, Suofeiya was awarded the "Guangzhou Women and Children Charity Model" by the Guangzhou Women and Children Welfare Association.

Looking ahead, Suofeiya will adhere to the concept of sustainable development and support the growth of more medical institutions through donations and other means. The company will further expand the coverage of its public welfare projects, continuously fulfilling its commitment to society.



Illuminating the World with Reading

The "Children's Book House" Public Welfare Project Supporting the Development of "Campuses with Reading Ethos"

"A strong youth means a strong China." Following the National Action Plan for Youth and Students' Reading issued in 2023 by the Ministry of Education, the Publicity Department of the CPC Central Committee, and other eight departments, which focuses on "deeply promoting all-people reading and building a China with reading ethos," Suofeiya officially launched the "Suofeiya Children's Book House" public welfare project. Through this initiative, the company actively contributes to building "campuses with reading ethos" by creating comfortable and environment-friendly reading environments. The project aims to foster a joyful reading atmosphere, encouraging enjoyment of and participation in reading, and effectively igniting children's interest in reading.

From Wuhan in Hubei to Haikou in Hainan, from Liuzhou in Guangxi to Liangshan in Sichuan, and further to Shangluo in Shaanxi, Ji'ning in Shandong, Taiyuan in Shanxi, Huizhou in Guangdong, Zunyi in Guizhou, Lu'an in Anhui, and Puyang in Henan, Suofeiya has travelled through mountains, rivers and rural towns, bringing hope to thousands of children in remote areas—by setting up new libraries and donating a large number of books.

So far, "Children's Book Houses" have been established and are now in operation across various regions nationwide, with a total of over 30 Children Book Houses benefiting 20,000 teachers and students. These libraries are lighting up a nationwide reading map in cities like Beijing, Hangzhou, Shanghai, Wuhan, Shenzhen, Changsha, Harbin, Guiyang, Zunyi, Baoding, Huizhou, Chengde, Zhaoqing, Lu'an, Puyang, Yichang, Huangshi, Xinxiang, Ji'ning, Ganzhou, Fuyang, Jiande, Lanzhou and more. Suofeiya's Children's Book House not only provides children with an environment-friendly, safe, and comfortable reading environment, but also aims to plant the seeds of reading and love in their hearts. In the future, the "Children's Book House" will be available in more cities. By focusing on future education in rural areas and contributing to rural revitalization, Suofeiya will continue to deliver sustainable corporate values to society as part of its unwavering commitment.

The company has been aware of universal scarcity of reading resources among rural children. According to the 2022 Survey on the Reading Conditions of Rural Primary Schools in China, the average extracurricular reading volume per rural primary school student is only 3.27 books, less than one-third of the national average. The reading spaces must meet the requirements of a comfortable environment, healthy and environment-friendly materials, natural and harmonious designs, and durable quality.

Suofeiya has taken proactive action by mobilizing its nationwide dealer resources and leveraging the "Happy Homes" Village and Community Mutual Aid Project initiated by the China Charity Federation. This initiative of Children's Book House, jointly launched by Suofeiya Home Collection, the China Charity Federation, and Suofeiya dealers across the country, aims to build public reading rooms in rural schools. It provides high-quality reading resources to help rural children cultivate reading habits, enhance their cultural literacy, and stimulate intrinsic learning motivation.



With the advancement and development of green energy technologies, the company will place greater emphasis on integrating environmental sustainability with social welfare in future explorations. The company plans to gradually increase its use of renewable energy in the next phase, aiming to build a low-carbon operation model. At the same time, by introducing intelligent management systems, the company will further optimize resource usage efficiency and reduce environmental impact.

To enhance supply chain transparency and promote responsible business practices, the company will unswervingly commit itself to developing partner relationships and encouraging common progress among suppliers and all parties in the production chain. By promoting the sharing of best practices, the company seeks to improve the entire supply chain's green and ethical standards.

To deliver better returns to society and promote individual employee growth, the company will expand its employee training programs and encourage cultural diversity. Additionally, it will establish more community engagement mechanisms to ensure the company actively contributes to the comprehensive development of the regions in which it operates. We believe that through continuous efforts and the pursuit of excellence in the ESG field, the company will not only create long-term business value, but also make a positive contribution to global sustainable development.

CLOSING REMARKS

ESG Key Performance Indicators		
Indicators	Unit	2024
Operating Income	RMB	10,494,353,781.39
Net Profit	RMB	1,370,944,152.08
Total Tax Paid	RMB	1,198,776,988.03
Total Cash Dividends (Including Tax)	RMB	963,047,164.00
Cash Dividend per 10 Shares	RMB	10.00
Public Welfare Expenditure	RMB	1,405,343.98

Environmental Indicators		
Indicators	Unit	2024
Environmental Investment	Ten Thousand RMB	1,387
Energy Consumption		
Natural Gas	Cubic Meters	3,847,549
Diesel	Liters	6,107
Electricity	kWh	134,433,677
Photovoltaic Power Generation		
Photovoltaic Power Generation	kWh	21,284,776
Reduction of CO2 Emissions	Tons	18,523
Standard Coal Savings	Tons	6,810
Wastewater Emissions Compliance Rate	%	100
Noise Emissions Compliance Rate	%	100
Hazardous Waste Generation	Tons	590.78

Indicators	Unit	2024
Hazardous Waste Compliance Disposal Rate	%	100
Total Exhaust Emissions	Cubic Meters	2,582,971
Exhaust Emissions Compliance Rate	%	100
Particulate Matter	Tons	123.22
Benzene	Tons	2.98
Toluene	Tons	0.61
Xylene	Tons	0.97
Non-Methane Total Hydrocarbons	Tons	25.66
Nitrogen Oxides	Tons	10.55
Sulfur Dioxide	Tons	3.18
Water Pollutants Emissions		
Total Wastewater Emissions	Tons	500,190.20
Wastewater Emissions Compliance Rate	%	100
Chemical Oxygen Demand (COD)	Tons	144.58
Five-Day Biochemical Oxygen Demand (BOD5)	Tons	33.24
Suspended Solids	Tons	33.32
Ammonia Nitrogen	Tons	6.98
Total Phosphorus	Tons	0.84
Production Wastewater Reuse (Regenerated Water)	Tons	5,797
Greenhouse Gas Emissions		
Direct Greenhouse Gas Emissions (Scope 1)		
South China Production Center	tCO ₂ e	667.53
Central China Production Center	tCO ₂ e	470.31
East China Production Center	tCO ₂ e	366.17
Western Production Center	tCO ₂ e	255.50

Indicators	Unit	2024
North China Production Center	tCO ₂ e	206.22
Lankao Production Base	tCO ₂ e	260.26
Qiqihar Production Base	tCO ₂ e	44.02
Jinhua Production Base	tCO ₂ e	29.03
Indirect Greenhouse Gas Emissions (Scope 2)		
South China Production Center	tCO ₂ e	7073.99
Central China Production Center	tCO ₂ e	4984.01
East China Production Center	tCO ₂ e	3880.36
Western Production Center	tCO ₂ e	2707.53
North China Production Center	tCO ₂ e	2185.35
Lankao Production Base	tCO ₂ e	2758.02
Qiqihar Production Base	tCO ₂ e	466.44
Jinhua Production Base	tCO ₂ e	307.62
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)		
South China Production Center	tCO ₂ e	7741.52
Central China Production Center	tCO ₂ e	5454.32
East China Production Center	tCO ₂ e	4246.53
Western Production Center	tCO ₂ e	2963.03
North China Production Center	tCO ₂ e	2391.57
Lankao Production Base	tCO ₂ e	3018.28
Qiqihar Production Base	tCO ₂ e	510.46
Jinhua Production Base	tCO ₂ e	336.65

Governance Performance Indicators		
Indicators	Unit	2024
Board of Directors	Sessions	10
Proposals Deliberated by Board of Directors	Pcs	49
Board of Supervisors	Sessions	8
Proposals Deliberated by Board of Supervisors	Pcs	30
General Meeting of Shareholders	Sessions	4
Proposals Deliberated by General Meeting of Shareholders	Pcs	25
Board of Directors Audit Committee	Sessions	5
Proposals Deliberated by Audit Committee	Pcs	11
Number of Ad Hoc Announcements (with Announcement Number)	Pcs	64
Number of Regular Reports	Pcs	4
Shenzhen Stock Exchange Information Disclosure Assessment Result	Level	A
New and Revised Regulations	Pcs	784
Routine Supervisory Inspections	Pcs	6
Tender Supervision	Sessions	82
Report Clues Handled	Pcs	31
Report Handling Completion Rate	%	100
Offline Integrity Training	Sessions	8
Integrity Training Coverage	Persons	14,000
Integrity Education Coverage Rate	%	100
Number of Approved Registered Trademarks	Pcs	1,934
Trademark Protection Records	Entries	136
Major Information Security Incidents	Pcs	0
Host Availability	%	99.99
Database Availability	%	99.99

Indicators	Unit	2024
Network Availability	%	99.99
Number of Suppliers	Companies	300+
Percentage of Strategic Suppliers	%	20
Supplier Procurement Contracts Signed	%	100
Anti-Bribery Agreement Coverage	%	100
Number of R&D Personnel	Persons	1,017
R&D Investment	RMB	375,025,435.96
Authorized Valid Patents	Pcs	641
Valid Invention Patents	Pcs	109
Utility Model Patents	Pcs	281
Design Patents	Pcs	251
Standards in Whose Formulation Suofeiya Participated	Pcs	94
Papers Published	Articles	127
Software Copyrights Registered	Pcs	207
Internationally Advanced Technology Achievements Appraised by Experts	Pcs	15
Technology Awards Received	Pcs	20
Service-Related Training	Sessions	102
Number of Trainees	Persons	6,428
Key Position Training Coverage Rate	%	100

Employee Information			
Indicators		Unit	2024
Total Number of Employees		Persons	12,901
Labor Contract Signing Rate		%	100
Professional Composition Categories	Production Staff	Persons	7,818
	Sales Staff	Persons	2,213
	Technical Staff	Persons	1,682
	Finance Staff	Persons	168
	Administrative Staff	Persons	577
	Management Staff	Persons	443
Education Level	Master's Degree and Above	Persons	122
	Bachelor's Degree	Persons	2,412
	Associate Degree	Persons	2,945
	High School and Below	Persons	7,422
Age Distribution	30 and Below	Persons	3,878
	31-40	Persons	6,514
	41-50	Persons	2,116
	51 and Above	Persons	393
Gender Structure	Male	Persons	9,262
	Female	Persons	3,639

Report Chapters	Laws and Regulations Observed	Some of Internal Policies
Sustainable Governance	Criminal Law of the People's Republic of China	Articles of Association of Suofeiya Home Co., Ltd.
	Criminal Procedure Law of the People's Republic of China	Rules of Procedure for Shareholders' Meetings
	Securities Law of the People's Republic of China	Independent Director System
	Company Law of the People's Republic of China	Board of Directors' Rules of Procedure
	Anti-Unfair Competition Law of the People's Republic of China	General Manager's Work Guidelines
	Anti-Money Laundering Law of the People's Republic of China	Conduct Guidelines for Directors, Supervisors, and Senior Management
	Shenzhen Stock Exchange Listing Rules	Investor Relations Management System
	Shenzhen Stock Exchange Self-Regulatory Guidelines No.1 for Listed Companies on the Main Board	Institutional Survey Reception Management Guidelines
	Listing Rules of Listed Companies	Information Disclosure Management System
	Corporate Governance Code for Listed Companies	Internal Audit System
	Independent Director Management Guidelines for Listed Companies	Contract Management System
	Articles of Association for Listed Companies	Contract Management Guidelines
	Personal Information Protection Law	Intellectual Property Management System
	Consumer Protection Law	Physical Stamp Management System
	App Illegal Collection and Use of Personal Information Self-Assessment Guidelines	Enterprise Internal Control Application Guidelines
	Anti-Unfair Competition Law of the People's Republic of China	Suofeiya Employee Handbook
	Common Types of Mobile Internet Applications Necessary Personal Information Range Provisions	Suofeiya Employee Integrity Management Guidelines
		Suofeiya's Eight Red Lines
		Conflict of Interest Declaration and Filing Notice
		Suofeiya Home Co., Ltd.' s Whistleblower Management Guidelines
		Information Systems Emergency Plan
		Business System Online Security Management Guidelines
		Data Center Security Management System

Report Chapters	Laws and Regulations Observed	Some of Internal Policies
Sustainable Governance		Terminal Equipment and Network Management Regulations
		Information Security Management Procedures
		Data Security Management Specifications
		Confidentiality Management System
		Group Patent Infringement Risk Prevention Management Measures
		Suofeiya Home Co., Ltd. Financial Management System
Promoting Green Development	Environmental Protection Law of the People's Republic of China	Group EHS Responsibility System
	Energy Conservation Law of the People's Republic of China	Safety Accident Management Measures
	Circular Economy Promotion Law of the People's Republic of China	EHS Meeting Management Measures
	Water Law of the People's Republic of China	Environmental Protection Management System
	Water Pollution Prevention and Control Law of the People's Republic of China	Energy-saving Management System
	Air Pollution Prevention and Control Law of the People's Republic of China	Energy Management System
	Opinions of the Central Committee of the Communist Party of China (CPC) and the State Council on the Complete and Accurate Implementation of the New Development Concept and the Proper Implementation of Carbon Peaking and Carbon Neutral Work	Group EHS Committee Structure and Responsibilities
	Carbon Peaking Action Plan Before 2030	Rainwater and Sewage Drainage Management Measures
	Pollution Discharge Permit Management Regulations	Rainwater and Sewage Drainage Management Measures
	Environmental Management System Requirements and Guidelines (GB/T24001-2016)	Factory General Industrial Waste Recycling and Disposal Management Measures
	Urban Drainage and Sewage Treatment Regulations	Fixed Asset Disposal and Scrapping Implementation Details
	Industrial Enterprise Boundary Environmental Noise Emission Standards	Energy Management System Manual
	Environmental Labeling Product Technical Requirements – Cabinets (HJ/T432-2008)	Factory Solid Waste Disposal Management Specifications
	Environmental Labeling Product Technical Requirements – Furniture (HJ/2547-2016)	Pollutant Emissions Declaration Registration Management Measures

Report Chapters	Laws and Regulations Observed	Some of Internal Policies
Promoting Green Development	Formaldehyde Release Grading for Engineered Wood and Their Products (GB/T39600–2021)	Environmental Monitoring and Measurement Control Procedures Emergency Plan for Sudden Environmental Incidents
Supply Chain with Sense of Responsibility	Bidding and Tendering Law of the People's Republic of China	
	Bidding and Tendering Law Implementation Regulations (2019 Revision)	Production Material Procurement Management Guidelines
	Electronic Commerce Law of the People's Republic of China	Supplier Quality Management System
		Supplier Review Management Guidelines
		Logistics Vendor Evaluation Operation Guidelines
Quality Innovation	Product Quality Law of the People's Republic of China	Suofeiya Home Co., Ltd.' s Four Major System Management Manual
	Regulations on Monitoring Chemicals Management in the People's Republic of China	Suofeiya Service Guidelines
	Civil Code of the People's Republic of China	Custom Wooden Cabinet Core Quality Grading Standards
	Consumer Protection Law of the People's Republic of China	Childcare and Infant Living Environment Safety Control Specifications
	Environmental Labeling Product Technical Requirements	Group Quality Evaluation Guidelines
		Quality Star Evaluation Management Guidelines
		Customer Complaints and Goods Rejection Processing Procedures
		Product Optimization Management Guidelines
		Technology Achievement Application Management Guidelines
Joint Growth	Labor Law of the People's Republic of China	Remuneration Management Guidelines
	Labor Contract Law of the People's Republic of China	Occupational Safety and Health Control Procedures
	Regulations on Implementation of Labor Contract Law of the People's Republic of China	Employee Training Management System
	Social Security Law of the People's Republic of China	Performance Management Guidelines
	Employment Promotion Law of the People's Republic of China	Quarterly Excellent Employee Selection Management Guidelines
	Employment Service and Employment Management Provisions	Human Resources Management System
		Corporate Culture Management System

Report Chapters	Laws and Regulations Observed	Some of Internal Policies
Joint Growth		Corporate Culture Implementation Management Measures
		Employee Handbook
		Suofeiya Employee General Health Examination Management Guidelines

COMPANY HONORS

2024 Glories



Official Honors

Leading the Chinese Custom Home Industry

- 2023 Guangdong Provincial Science and Technology Progress Award --- First Prize
- 2024 Guangdong Provincial Single-Product Champion Enterprise
- 2025 Guangdong 3.15 Consumer Rights Protection Anti-Counterfeiting Project --- Nominated Brand



Quality Recognitions

Creating Industry Leading Examples

- Energy Management System Certification
- National Product and Service Quality Integrity Demonstration Enterprise
- National Furniture Manufacturing Industry Quality Leading Enterprise
- National Consumer Quality Credit Guarantee Product
- 2023 Certification and Accreditation Inspection Industry Annual Outstanding Certified Organization



Reputation in the Market

Building a Strong Brand Influence

- 2024 Healthy China Innovation Practice Case (People's Daily)
- 2024 Top 100 New Quality Home Brands
- CCTV-1 National Brand
- 2024 Greater Bay Area Furniture and Building Materials 20 Influential Brands
- Annual Quality Home Brand
- 2023-2024 Top Ten Custom Furniture Brands - Suofeiya



Stable Development

High Recognition in Capital Markets

- Listed Company Investor Relations Management --- Best Practice Award
- 2024 15th Annual Investor Relations Tianma Award
- Panoramic Investor Relations Gold Award (2023) --- Excellence in IR Companies
- Panoramic Investor Relations Gold Award (2023) --- Outstanding Small and Medium Investor Interaction Award
- 18th Annual Chinese Listed Company Value Rankings --- Top 100 Main Board Companies
- TOP 300 Most Popular Listed Companies
- Panoramic Investor Relations Gold Award (2023) --- Outstanding IR Team Award
- Top 100 Investor Relations Companies in Board Secretary Role

International Fame · Leading Home Aesthetic Wisdom

German IF Design Award

- Huahe - Puyue
- Schmidt - C Series Yiman
- Huahe - Yunxi
- Schmidt - S Series Seine River
- Integrated Home - Qingyan
- Design Center - Liuguang Gangyun
- Suofeiya Home - NINI
- Design Center - Xingyun
- Suofeiya Home - Caesar

MUSE Gold Winner

Gold Award

- Anya Bond Anya
- Champs-Elysées Schmidt
- Cruze Bond Cruze
- Fashion π Milan
- Finding Fun Milan
- Mocha Suofeiya Home Mocha
- Waltz Suofeiya Home Nilang Pro
- Yueying Huahe Yueying

CGDA Visual Communication Design Award

Finalist Award

Seasonal Words

Finalist Award

Suofeiya Product Manual APP UI Design

14th China Space Design Competition

Bronze Award

Design Center - Lijiang Garden

32nd APIDA Hong Kong Asia Pacific Interior Design Award

Suofeiya Home Exhibition Hall A

International Design Awards

Honorary Award

- Zhiran Milanna
- Schmidt - S Series Rosa
- Schmidt - S Series Riemann
- Suofeiya Home - NINI
- Suofeiya Home - Caesar

A'Design Award A'Design Award,Italy

Bronze Medal

- Huahe - Yunxi

Silver Medal

- silver medal

2024 American MUSE Design Award

Gold Award

- NINI · Liman · Qi Gu · Selle

Platinum Award

- Caesar · Liuguang Gangyun · Mis
- Xingyun

Silver Award

- Iman

5th Global Surface Decoration Original Design Show

Finalist Award

- Night Sky · Soshua Flower Language

Excellent Award

Intergalactic Domain

Customised Home Industry Awards

Huahu Customised Showroom

JinTang Award – China Interior Design Annual Awards

Outstanding Residential Apartment Design of the Year – Luhua Islet House