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### **Message from the Chairman**



A strong sense of responsibility and commitment has been the driving force behind Yuwell Medical's journey. Guided by a deep passion for healthcare, we have forged ahead with perseverance, leveraging technological innovation to inject fresh momentum, and improving quality and efficiency to unlock new avenues for growth. We strive to be a pioneer in innovation-led transformation and a steadfast protector of public health. In 2024, the demand for health management continues to rise, and industry transformation is moving at an accelerated pace. Amid the ever-evolving global landscape, we remain committed to our vision of "leading industry development through innovation and enhancing the health of millions of families". Guided by a focus on health and powered by science and technology, we proactively aligned ourselves with national strategies, embraced change and new opportunities, and explored new pathways to sustainable development with a long-term perspective. Step by step, we have continued to enhance our capabilities in governance, innovation, competitiveness, risk management, and global development. In the dynamic flow of the new era, we are determined to forge ahead, making meaningful contributions to the global healthcare sector with the power of Yuwell.

We are strengthening corporate governance to ensure steady progress as we embark on a new journey of high-quality development. In 2024, Yuwell Medical remained committed to its roots in the real economy, focused on its core business, and pursued professional excellence. We concentrated our efforts on key areas such as respiratory therapy, blood glucose management, POCT, and home health monitoring solutions, while consolidating our presence in clinical and rehabilitation equipment and actively developing high-potential businesses including emergency care and ophthalmology. Our diversified product portfolio was further optimized, and our dual advantages in brand influence and market competitiveness continued to grow. With operations now spanning over 100 countries and regions, our global business system has become increasingly mature. To ensure long-term stability in future development, we continue to reinforce both internal and external risk management systems, strengthen the compliance and business ethics framework, and implement rigorous standards for information and data security. Through the development of a highly resilient supply chain and a firm commitment to integrity and innovation, we are laying a solid foundation for the Company's high-quality and long-term growth.

#### Innovation drives progress, empowers health, and brings vitality to life

through technology. Guided by the strategy of "reshaping medical devices through innovation", we have consistently increased R&D investment in our core businesses and strategic focus areas, and have actively explored diverse innovation pathways. We have steadily enhanced our innovation capabilities through both independent and collaborative research, using innovation as a driving force to cultivate new growth drivers and competitive advantages, so as to deliver higher-quality healthcare solutions to society. In 2024, leveraging our global R&D network and multiple national and provincial-level innovation platforms, Yuwell Medical achieved a number of internationally advanced breakthroughs with independent intellectual property rights. Significant technological progress was made in products

such as the continuous glucose monitoring systems Anytime 4 and Anytime 5, the third-generation sleep apnea therapy device, highflow oxygen generators, portable oxygen generators, and semiautomated external defibrillators. Our ability to compete with worldclass products has continued to improve. We also made solid strides in smart healthcare by integrating artificial intelligence and digital innovation into our operations. These technologies have enabled us to build an intelligent manufacturing and operations system featuring deep multi-platform and multi-system interaction. At the same time, we established an efficient end-to-end lifecycle quality management system and a comprehensive omnichannel customer service framework, supporting product innovation, the upgrading of health services, and the enhancement of global competitiveness. Our products and services are benefiting users worldwide. In 2024, our first-pass yield reached 99.72%, with customer satisfaction rates of 97.2% for B2B clients and 97.7% for B2C users. The Company continues to lead the industry in both customer satisfaction and product experience.

#### With a people-centered approach and a shared commitment to health, we strive to safeguard lives and empower the value

of life. Guided by a consumer-oriented, digitalized, and youthfocused talent development strategy, we have established the Yuwell Learning and Development Center and developed a sound and adaptive talent management model aligned with our strategic goals. We have developed a well-structured training system tailored to different levels and roles, refined a transparent and merit-based promotion pathway, and nurtured a workplace that is diverse, inclusive, equitable, and warm. These efforts continue to enhance our talent competitiveness and bring our people together in the shared mission of safeguarding health and life. In 2024, the Company was honored with several accolades, including the Outstanding Human Resource Management Award - Employer of Excellence, the Employer of Choice of the Year Award, and the Excellence in Talent Acquisition and Development Award. While focusing on our core healthcare business, Yuwell Medical continues to explore public welfare models that align with the needs of the times and society. In 2024, we contributed RMB 1.47 million in charitable donations to support emergency medical care, diabetes patient assistance, and rural healthcare development, making a tangible contribution to the high-quality development of global healthcare. Yuwell Primedic has long been dedicated to the emergency care sector. In partnership with professional race support organizations, its Flying Fish Rescue Team has participated in medical support for over 1,000 international marathon events. Yuwell Primedic's emergency rescue ecosystem now spans more than 100 countries and has delivered over 860 public training sessions on AED use and professional first aid, saving hundreds of lives each year. The Company has been deeply engaged in chronic disease management by partnering with social media platforms, hospitals, charitable groups, and other professional

institutions. Through initiatives such as free health screenings, diabetes-focused summer camps, and the creation of the Yuwell Diabetes Community, it has extended meaningful support and care to people living with diabetes. Our employees have also made multiple trips to high-altitude outposts over 5,000 meters above sea level to deliver high-quality and reliable high-altitude oxygen concentrators to local residents, aid workers, and individuals from various sectors, making every effort to safeguard life and health.

### Green operations and environmental responsibility are the foundation of our commitment to sustainable development.

Yuwell Medical integrates green ecological values and sustainability principles across its production and operations. We have extended our EHS (Environment, Health, and Safety) management system to cover all business segments and closely monitor the risks and opportunities presented by climate change. While enhancing our core competitiveness, we are striving to build a clean, lowcarbon, and climate-resilient manufacturing system. In 2024, the Company advanced comprehensive energy management in line with ISO 50001 standards by establishing an integrated energy control system encompassing data collection, process monitoring, and management functions. This enabled full-cycle, closed-loop management from planning to statistics, analysis, and evaluation. We continued to upgrade equipment and technology, steadily increased the proportion of green electricity, and improved efficiency in production and sales coordination. As a result, we achieved effective control over comprehensive energy consumption per unit of output, greenhouse gas emission intensity, water consumption intensity, and hazardous waste discharge intensity. All annual energy management targets were achieved with a 100% completion rate, marking the initial results of our efforts to build a clean and low-carbon production system. Meanwhile, we have incorporated green innovation into product development, advancing modular, lightweight, low-carbon, and health-conscious designs, and delivering high-quality solutions with a reduced environmental footprint.

Though the journey may be long, determination leads to arrival; though the task may be tough, action leads to achievement. Yuwell Medical presses ahead with efforts to advance high-quality and sustainable development through ESG management. We actively embrace cutting-edge technological innovation and adapt to evolving industry dynamics. By combining long-term vision with agile execution, we are building sustainable momentum amid ongoing market transformation, embarking on a new journey to reshape the medical device industry through innovation.

#### Wu Qun,

#### Chairman and General Manager of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd.

### **About Yuwell Medical**

Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (hereinafter referred to as "Yuwell Medical", stock code: 002223) is a leading medical device company in China, specializing in the research and development, production, sales, and service of medical equipment. As a comprehensive provider of medical devices and solutions, Yuwell Medical is committed to delivering highquality, innovative medical products and services to patients and healthcare institutions worldwide.

Driven by its mission to "alleviate patients' suffering and enhance doctors' medical capabilities", Yuwell Medical remains focused on the life and health sector with a consumer-centric approach. The Company concentrates on key product areas such as respiratory therapy, blood glucose management and POCT, and home health monitoring solutions. It maintains a solid foundation in clinical medical devices and rehabilitation solutions, while actively nurturing high-potential areas such as emergency care and ophthalmology. With a firm focus on the vast international market, the Company follows the strategic path of "reshaping medical devices through innovation", powered by strong R&D capabilities and technological advancement. It continues to lead industry transformation and contributes steadily to improving the quality of life for people around the world.

Over the years, Yuwell Medical has consistently maintained high levels of investment in the R&D of new products and projects, sustaining its leading position in technological innovation. The Company has established multiple research and manufacturing centers in Germany, Shanghai, Nanjing, Suzhou, Danyang, Xizang, Shenzhen, and other locations. It is also home to several nationallevel innovation platforms, including a National Enterprise Technology Center, a National Industrial Design Center, and a National Postdoctoral Research Workstation. These efforts have enabled the Company to build a comprehensive global network encompassing R&D, manufacturing, marketing, and services, earning its products broad market recognition. In close collaboration with medical institutions across China and around the world, the Company is committed to driving progress in the healthcare sector. Through a diversified business strategy and steady global expansion, it continues to strengthen its capacity to serve the global healthcare sector. For detailed information on the Company's operational and financial performance, please refer to the Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2024 Annual Report.

#### ESG Benchmark **Enterprise Award** Awarded by Securities Star

Pioneer in Corporate Social **Responsibility Award** Presented at the 2024 Cailian

#### 2024 ESG Annual Case

Awarded by the Economic and Social Affairs Department of People's Daily

2024 Outstanding Case of Sustainable Development Practices

among Chinese Listed Companies Awarded by the China Association for Public Companies

#### Operating in



countries and regions around the world

#### **Total Assets**



#### **Operating Revenue**

billion RMB



2024 Sustainability Report



# Press Zhiyuan Award Ceremony

#### China's Top 100 Listed Companies in **ESG Best Practices**

Awarded by Wind

#### National Brand Social **Responsibility Case**

Awarded at the 2024 Boao Entrepreneurs Forum – New **Consumption Development** Conference



## Sustainable Development Management

#### Sustainable Development Governance Framework

At Yuwell Medical, high-quality and sustainable development has always been a top priority. The Company continues to strengthen its environmental, social, and corporate governance (ESG) systems and enhance the Board's oversight and involvement in ESGrelated affairs. ESG is positioned as a key driver for improving compliance management, promoting high-quality development, and reinforcing the Company's competitiveness. As the decision-making and oversight body for ESG matters, the Board of Directors participates in evaluating the potential impacts, risks, and opportunities of sustainability issues on the Company's business model. It oversees the effective implementation of ESG vision, goals, strategies, and action plans, and ensures the integration of ESG principles and requirements into departments and key business processes. For details on the Board's expertise and capabilities in overseeing the management of ESG-related impacts, risks, and opportunities, please refer to the section "Strengthening Corporate Governance / Board Diversity and Effectiveness" in this report. During the reporting period, the Board of Directors reviewed and approved the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2023 Sustainability Report* and the *Jiangsu Yuyue Medical Equipment Co., Ltd. ESG Management Policy.* 

The Company actively adopts quantitative indicators to assess the effectiveness of its ESG management strategies and is progressively incorporating relevant ESG metrics into its performance evaluation and compensation system. In 2024, the Company organized dedicated ESG training sessions covering topics such as ESG trends and requirements, key considerations for promoting ESG initiatives, and ESG information disclosure. These efforts aim to enhance employees' awareness and understanding of ESG, thereby ensuring more effective implementation of ESG practices across the organization.



### Stakeholder Engagement

Yuwell Medical attaches great importance to stakeholder expectations and concerns, maintaining effective communication through a proactive and open approach. The Company consistently improves its diverse and routine mechanisms for both internal and external dialogue to actively respond to stakeholder needs.



and Demands	Communication Methods and Channels
operations ity and safety al management ocal development ral revitalization) development nd stable returns ions	<ul> <li>Specialized meetings or reports</li> <li>Feedback on policy consultation</li> <li>Official visits</li> <li>Compliance regulatory inspections</li> <li>Information disclosure</li> <li>General meeting of shareholders</li> <li>Financial reports and announcements</li> <li>Investor hotline</li> <li>Roadshow</li> <li>Performance briefings and other engagement activities</li> </ul>
ity and safety I low-carbon products rvice management tinuity acy protection	<ul> <li>Customer satisfaction survey</li> <li>Customer relationship management</li> <li>Customer communication activities</li> <li>Social media platform</li> </ul>
business ethics supply chain operation and	<ul> <li>Supply chain audits and training</li> <li>Open cooperation</li> <li>Communication and interaction</li> <li>Industry conferences</li> </ul>
hts and benefits I health and safety ining and t equal opportunity	<ul> <li>Employee activities and communication</li> <li>Employee training</li> <li>Performance evaluation and feedback mechanism</li> <li>Internal information communication platform</li> <li>Employee grievance channels</li> </ul>
ity and safety al management e and charity communication and t	<ul> <li>Media interaction</li> <li>Information disclosure</li> <li>Public welfare programs</li> <li>Volunteer activities</li> </ul>

#### **Material Issues**

Materiality analysis helps the Company identify and assess potential risks, providing support for decision-making and management. In 2024, Yuwell Medical updated its materiality analysis methods in alignment with the latest disclosure standards, including the *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange— Sustainability Report (Trial).* The Company conducted materiality assessments from two dimensions: impact materiality—the degree to which an issue affects economic, environmental, and social sustainability; and financial materiality—the extent of its impact on the Company's financial performance. By comprehensively evaluating stakeholder concerns and their financial implications, the Company identified high-impact ESG issues for prioritized disclosure in this report. It also continues to enhance ESG management to better address stakeholder expectations and drive ongoing improvement.





6	2	<ul> <li>Governance Category</li> <li>Environmental Category</li> <li>Social Category</li> </ul>		
	1			
		High		
	rial in terms of significance only	Not material in terms of financial or impact significance		
No.	Торіс			
11	Innovation-driven	development and technology mart healthcare innovation)		
12	Product quality ar			
13		iship management		
	Health accessibility			
14	Health accessibilit	Protection of employee rights (including occupational health and safety)		
14 15	Protection of emplo	2		
	Protection of emplo	oyee rights (including occupational		
15	Protection of emplo health and safety)	oyee rights (including occupational velopment		
15 16	Protection of emplo health and safety) Human capital de Sustainable suppl	oyee rights (including occupational velopment		

#### Analysis of Impacts, Risks, and Opportunities Related to Material Issues

Matorial	Scope of Impact Imp		Impact Timeframe				Impact Material	
Material Issue	Upstream Operations Downstream	Short Term				Risk and Opportunity Analysis	Impact Level	
Product Quality and Safety	~ ~ ~	~		/	~	<ul> <li>There are risks associated with product design and development, manufacturing and processes, as well as regulatory compliance. Failure to effectively manage these risks may lead to regulatory penalties, market access restrictions, and a decline in market trust.</li> <li>By adhering to high standards of safety and quality, the Company can strengthen customer trust, expand market share, and gain a competitive advantage.</li> </ul>	Negative impact: Highly significant; Positive impact: Highly significant	
Business Ethics and Anti-		~		/	~	<ul> <li>Incidents of commercial bribery and corruption may result in significant economic costs, legal consequences, operational risks, and reputational damage to the Company.</li> <li>Efforts in business ethics and anti-</li> </ul>	Negative impact: Highly significant Positive	
corruption					corruption help establish sound internal management systems and processes, optimize internal controls, and enhance management efficiency and transparency	impact: Moderately significant		
R&D Innovation	~ ~	~	~	/	~	<ul> <li>In the context of technological uncertainty, regulatory volatility, market competition, and global expansion, R&amp;D investment may require significant financial input with no guaranteed commercial returns.</li> <li>Technological innovation and forward-</li> </ul>	y, Negative impact: Moderately significant; Positive	
						looking planning help cultivate new productive forces, supporting the Company's long-term market competitiveness.	impact: Highly significant	
Information Security and Privacy Protection	~ ~ ~	~		/	~	<ul> <li>There are multidimensional risks including technical risks, human errors, and operational and management risks.</li> <li>Improper management of critical data and customer privacy may lead to data breaches, resulting in compliance risks or reputational damage and a decline in customer trust.</li> </ul>	Negative impact: Highly significant; Positive impact: Moderately	
						<ul> <li>Robust data protection builds confidence among global partners and facilitates entry into more high-end markets.</li> </ul>	significant	

Note: Impact levels are classified as negligible, moderately significant, significant, and highly significant.

# Steady and Long-Term Progress

Advancing Towards High-Quality Development



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### **Enhancing Corporate Governance**

#### Standardized Governance Practices

Yuwell Medical rigorously adheres to relevant laws and regulations, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, and the Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange—Standardized Operations of Companies Listed on the Main Board. The Company also complies with normative documents such as its Articles of Association. It has established a robust corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Supervisory Board, and the management team. This framework ensures clear delineation of rights and responsibilities, coordinated operations, and effective checks and balances among the power, decision-making, supervisory, and executive organs, constantly enhancing corporate governance efficiency. In 2024, the Company updated five corporate governance systems, including the Market Value Management System of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. It consistently upholds the principles of integrity, standardized operations, core business focus, and prudent management, driving continuous improvement in operational standards and development quality. For comprehensive information on corporate governance, please refer to the Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2024 Annual Report.

Yuwell Medical strictly adheres to prescribed procedures for selecting and appointing directors, supervisors, and senior management, with no changes in membership occurring in 2024. In compliance with regulations such as the *Rules for General Meetings of Shareholders of Listed Companies*, the *Measures for the Administration of Independent Directors of Listed Companies*, and the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the Company has formulated internal rules including the *Rules of Procedure for General Meetings of Shareholders, Specialized Meeting System for Independent Directors, Rules of Procedure for the Board of Directors*, and *Rules of Procedure for the Supervisory Board*. When convening general meetings of shareholders, Board of Directors meetings, and Supervisory Board meetings, the Company strictly adheres to stipulated voting matters and procedures, effectively safeguarding the legitimate rights and interests of both the Company and its shareholders.



#### **General Meeting of Shareholders**

As the Company's highest authority, the General Meeting of Shareholders reviews and decides on major company matters. It convenes and holds meetings in accordance with relevant regulations, including the *Rules for General Meetings of Shareholders of Listed Companies* and the *Rules of Procedure for General Meetings of Shareholders of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd.* 

#### **Board of Directors**

The Board of Directors, accountable to the General Meeting of Shareholders, is responsible for formulating the Company's development strategy, business plans, and major investment decisions. It also oversees the Company's operational management and financial status. The Board has established four specialized committees: the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Evaluation Committee. These committees handle specific matters within their authorized scope and provide professional consultation and advice for Board decisions.

Independent director Ms. Yu Chun chairs the Audit Committee, independent director Ms. Zhong Mingxia leads the Nomination Committee, and independent director Mr. Wan Suiren heads the Remuneration and Evaluation Committee. In all these three committees, independent directors constitute the majority and serve as chairs, ensuring professionalism and independence in decision-making.

#### Supervisory Board

The Supervisory Board, accountable to the General Meeting of Shareholders, oversees the Company's finances and monitors the legal compliance of directors and senior management in performing their duties, thereby safeguarding the legitimate rights and interests of both the Company and its shareholders.

### **Board Diversity and Effectiveness**

Board diversity plays a critical role in strengthening scientific decision-making and risk management capabilities, serving as a cornerstone for Yuwell Medical's strategic implementation and long-term sustainability. The Company proactively fosters diversity within its Board through multiple dimensions: gender, cultural and educational backgrounds, skill sets, professional expertise, and practical experience. This initiative ensures that Board decisions are both scientifically sound and effectively implemented. Currently composed of 9 members, the Board includes four female directors (44.4%), reflecting a strong dedication to gender equality at the decision-making level. It consists of 6 non-independent directors and 3 independent directors, whose combined backgrounds encompass interdisciplinary knowledge and extensive industry experience. Their expertise spans bioengineering, medical devices, risk management, finance & accounting, law, and corporate finance, creating a well-balanced mix of experience and professional competencies. The Chair of the Audit Committee brings a professional accounting background, while several directors contribute deep practical insights into risk management and mitigation, including expertise in establishing comprehensive risk management frameworks and addressing major risk incidents. This collective expertise effectively supports the Company's processes for identifying, assessing, responding to, and mitigating risks.

General meetings of shareholders held during the year

Board of Directors

Audit Committee

meetings held

during the year

during the year

Supervisory Board meetings held during

the year

Remuneration and Evaluation

Committee meetings held

the year

meetings held during

Resolutions reviewed and approved



Resolutions reviewed and approved

30

Strategy Committee meetings held during the year

Nomination Committee meetings held during the year



Resolutions reviewed and approved

12

To advance Board diversity, Yuwell Medical has established the *Independent Director System* and the *Working Rules of the Board's Nomination Committee*, providing a robust institutional foundation for inclusive governance. The Board member nomination process follows a rigorous selection protocol: the Nomination Committee integrates diversity criteria into its evaluation, conducting comprehensive assessments of candidates' educational backgrounds, industry experience, professional competencies, and career trajectories. This ensures a balanced composition of the Board in terms of capabilities, skills, experience, gender, age, and cultural perspectives. The Company also attaches great importance to Board members' ethical integrity and leadership credibility. Independent director nominations, once shortlisted, must first undergo qualification and independence reviews by the Shenzhen Stock Exchange. They are then subject to election via cumulative voting at the general meetings of shareholders, a mechanism that continually elevates corporate governance standards and decision-making efficacy. Additionally, Yuwell Medical actively promotes professional development training and compliance education for Board members, aiming to strengthen their professional acumen and performance capabilities. During the reporting period, multiple directors engaged in internal high-potential training programs, collectively enhancing corporate governance and strategic development capabilities.

During the reporting period, all directors remained fully compliant with laws, regulations, and the Company's *Articles of Association*, discharging their duties with due diligence, prudence, and accountability. Meanwhile, independent directors actively engaged in Board activities through multiple channels, offering independent perspectives on key matters to safeguard the scientific validity of decision-making. They effectively exercised their supervisory functions, promoting the implementation of Board resolutions and ensuring the accuracy of information disclosure, thereby safeguarding the legitimate rights and interests of both the Company and its shareholders.

		Gender	Professional Capabilities			
Туре	Name		Industry Experience	Risk Management	Accounting	Law
Chairman, General Manager	Wu Qun	Male	~	~		
Director, Deputy General Manager	Zhao Shuai	Male	$\checkmark$	~		
Director	Wang Lihua	Female	$\checkmark$			
Director, Deputy General Manager	Zheng Hongzhe	Male	$\checkmark$	~		
Director	Chen Jianjun	Male	$\checkmark$			
Director, Board Secretary	Wang Ruijie	Female	$\checkmark$			$\checkmark$
Independent Director	Yu Chun	Female		$\checkmark$	$\checkmark$	
Independent Director	Wan Suiren	Male	$\checkmark$			
Independent Director	Zhong Mingxia	Female		~		$\checkmark$

#### Gender Distribution of the Board of Directors



#### Educational Background of the Board of Directors



### **Protection of Investor Rights and Interests**



Recognized by the China Association for Public Companies for Outstanding Board Office Practices in 2024

> Honored with the 15th Pegasus Award for Investor Relations Management of Chinese Listed Companies

Received the 14th Outstanding Board Secretary Award for Investor Relations Management of Chinese Listed Companies

Awarded the 18th China Listed Company Value Selection - Sunshine Board Secretary Award

Yuwell Medical continues to refine its internal policies, including the Investor Relations Management System, aiming to build a transparent and efficient communication platform for investors. The Company actively carries out investor relations initiatives to strengthen investor confidence and understanding. A dedicated investor relations section on the Company's official website is maintained by a professional team and regularly updated to provide timely access to the latest company developments. The Company also operates an investor hotline (+86 511-86900876), offering prompt and detailed responses to inquiries while welcoming feedback from both shareholders and potential investors. In 2024, the Company convened two general meetings of shareholders, held two performance briefings, and hosted three online investor exchange sessions. These events allowed for in-depth communication on the Company's financial results and business strategy. In addition, through the cninfo.com platform, the Company responded to hundreds of questions from investors regarding its operations, strategic direction, and product offerings-achieving a response rate of 98.40%. Yuwell Medical is dedicated to ensuring equal treatment for all shareholders and has taken proactive measures to safeguard investor rights and interests, with a particular emphasis on minority shareholders. As part of these efforts, shareholders, including minority investors, can attend shareholder general meetings in person or cast their votes online. For significant matters potentially affecting the interests of minority investors, the Company separately tallies and discloses their votes. General meetings of shareholders are scheduled and located to maximize participation, and modern information technology is leveraged to increase shareholder engagement, ensuring all investors, especially minority shareholders, are informed and can participate in major company decisions to effectively safeguard their legal rights and interests.

Yuwell Medical has established a strong shareholder return ethos, implementing a consistent and stable cash dividend strategy to ensure investors share in its growth. The Board of Directors formulates profit distribution plans based on comprehensive annual performance evaluations, which are then approved through general meetings of shareholders to safeguard the legal rights and interests of all shareholders, particularly minority investors. To further strengthen market value management, the Company implemented the *Yuwell Medical Market Value Management System* in 2024 and unveiled the Quality Improvement and Return Enhancement Program. This initiative includes the distribution of interim dividends to enhance shareholder returns and market confidence, thereby fostering the Company's long-term, sustainable growth. For detailed dividend plans and shareholder equity protection measures, please consult the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2024 Annual Report.* 

Yuwell Medical rigorously complies with the Securities Law of the People's Republic of China, the Measures for the Administration of Information Disclosure by Listed Companies, and the Provisions on the System for Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies, among other relevant laws, regulations, and normative documents. The Company has established the Information Disclosure Affairs Management System and the Accountability System for Major Errors in Annual Report Information Disclosure. These measures ensure that information is disseminated authentically, accurately, and in a timely manner, thereby improving the quality and transparency of its disclosures. During the reporting period, Yuwell Medical issued four periodic reports and 35 ad hoc announcements. The Company designated Securities Times, Shanghai Securities News, and the CNINFO website as its official media outlets for information disclosure, ensuring equitable access to information for all shareholders. Throughout the reporting period, the Company's information disclosure practices remained fully compliant with regulatory requirements, and were free from any false records, misleading statements, material omissions, or other breaches of disclosure obligations.

### **Risk Management and Internal Control**

Yuwell Medical rigorously adheres to the *Company Law of the People's Republic of China*, the *Audit Law of the People's Republic of China*, the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, as well as regulatory requirements on internal control set forth by the China Securities Regulatory Commission and stock exchanges. Considering the unique characteristics of the medical device industry, the Company constantly enhances the construction, evaluation, and supervision of its internal control and risk management systems to ensure their effective operation, thus supporting sustained and stable development.

#### **Risk Management Structure**

The Board of Directors and its Audit Committee are responsible for comprehensive management and oversight of a wide range of risks. The Audit Committee supervises the implementation of internal audit and control systems, assesses risk management effectiveness, and closely monitors the progress of external audit institutions, including accounting firms and national audit agencies. The Board authorizes other specialized committees to conduct risk management within their respective domains. The Audit Department, operating independently from other business segments, is responsible for daily supervision and ensures the effective execution of risk control measures through audit procedures, engaging external institutions for independent audits when necessary.

#### **Risk Identification and Response**

Yuwell Medical consistently strengthens its risk identification and response capabilities, standardizes business management processes, and achieves risk assessment, control confirmation, and deficiency rectification across core business segments. The Company undertakes end-to-end process control, systematically identifying and evaluating operational risk sources while refining and monitoring risks relevant to its core operations. This includes addressing investment risks, business uncertainties, operational challenges, and sustainability risks, thereby strengthening its risk prevention and control capability through systematic management. Additionally, the Company incorporates significant ESG risks and opportunities into its risk review and business planning processes, fully integrating them into operational and financial planning to better manage or mitigate risks and seek growth and transformation opportunities.

In 2024, Yuwell Medical actively promoted the application of digital system platforms in risk identification and supervision, achieving timely identification and effective monitoring of potential risk sources. The Company constantly optimized and improved internal systems such as the *Information Asset System* and *Market Activity Expense Regulations*, comprehensively raising employees' awareness of compliance and risk control. Moreover, the Company strengthened risk management and control of business segments in branches and subsidiaries, issuing documents such as the *General Principles for Key Issues Approval of Branches and Subsidiaries*, and establishing robust internal control systems for overseas operations to safeguard the Company's global strategy.

#### **Risk Training**

Yuwell Medical actively nurtures a risk management culture, enhancing employees' awareness of internal control risks and governance capabilities through comprehensive training programs and advocacy initiatives. By integrating these efforts with company-wide participation, the Company fosters a proactive risk prevention mindset, constantly refining its standardized operational practices. It closely monitors emerging regulatory changes and policy trends, undertaking timely analysis, and engaging external experts to provide in-depth interpretations and training when necessary, ensuring potential risks are managed within acceptable thresholds.

#### **Tax Management**

Yuwell Medical consistently adheres to the principle of tax compliance in its business operations, strictly following domestic laws and regulations such as the *Enterprise Income Tax Law of the People's Republic of China* and international tax regulations. The Company is progressively building a comprehensive tax management system, actively promoting the implementation of a robust tax management framework, and has established a dedicated tax team to ensure accuracy and compliance in tax management.

In 2024, Yuwell Medical further fortified its tax compliance management by progressively implementing a closed-loop system for tax risk identification, assessment, and response, thereby enhancing its tax risk management capability. In the realm of international operations, the Company optimized its tax management strategies—including the management of transfer pricing policies and the utilization of tax treaties—to mitigate cross-border tax exposures. By conducting internal self-audits and engaging external reviews, the Company ensured that its tax management practices were aligned with relevant governance and control frameworks. In response to the OECD's "Two-Pillar" global minimum tax reform, the Company assessed its potential impact and established a compliance reporting mechanism to ensure tax fairness and sustainability.



During the reporting period, the Company maintained an

A -grade tax credit rating, incurring no major tax violations.

### **Adherence to Business Ethics**

#### Governance

Yuwell Medical is firmly committed to the core corporate value of "integrity as the foundation". It strictly adheres to the *Company Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, as well as other relevant laws, regulations, and industry standards. The Company has established and constantly refined its business ethics and anti-corruption management system, building a comprehensive defense line for ethical business practices.

Across its global operations, Yuwell Medical has established a comprehensive business ethics and compliance management framework that covers both the Company and its supply chain. The Board's Audit Committee acts as the supervisory authority, overseeing the implementation of ethical management systems and requirements to drive the Company's stable, high-quality growth. Meanwhile, the Supervisory Committee—an independent internal oversight unit—assumes the role of monitoring evolving national and industry policies on compliance and business ethics. It evaluates ethical and anti-corruption risks, formulates policies, and closely collaborates with the Audit Department to conduct daily audit supervision, ensuring strict adherence to the highest compliance and ethical standards. All functional departments are required to rigorously enforce and implement business ethics regulations. Additionally, the Company maintains employee integrity records, which serve as crucial references for employee promotion, recognition, and performance evaluations.

Yuwell Medical has developed and constantly refined its business ethics management system, which covers 100% of its business areas and functional departments. This comprehensive system includes the *Code of Conduct for Integrity in Business Practices, Statement on Anti-Commercial Bribery, Declaration Management System for Employee Conflicts of Interests, Surrender Management System for Gifts and Cash as Giving, Management Measures for Supervision, and Employee Professional Ethics and Code of Conduct.* These policies ensure that all directors, employees (including part-time staff), headquarters supply chain partners, and distributors adhere to core principles such as anti-fraud, anti-money laundering, anti-corruption, anti-bribery, fair competition, anti-monopoly, and conflict of interest prevention. The Company is progressively expanding the application of these principles to cover suppliers, distributors, and other customer groups of all branches and subsidiaries, thereby reinforcing a robust business ethics defense line across the entire enterprise.

#### Strategy and Management Mechanisms

Yuwell Medical considers business ethics as the cornerstone of its corporate culture, integrating it into the Company's long-term development strategy and extending this requirement throughout its supply chain to safeguard high-quality development. During the reporting period, the Company did not face any major litigation cases involving corruption or unfair competition.

#### **Business Ethics Training**

To cultivate a culture of integrity, Yuwell Medical has developed a comprehensive compliance and business ethics training program for all employees. This program covers, but is not limited to, onboarding compliance training for new hires, integrity and compliance workshops for functional staff, anti-corruption seminars for directors, and the promotion of supplier codes of conduct. The Company integrates employee integrity and compliance performance into promotion, recognition, and performance appraisal criteria, thereby strengthening employees' awareness of compliance and anti-corruption measures to deter unethical practices and fraudulent conduct. In 2024, the Company conducted online compliance and business ethics training and examinations, achieving 100% coverage of Board members, as well as Group, branch, and subsidiary employees (including part-time staff). Online training and learning sessions exceeded 1 hour in duration. Offline specialized training primarily targeted departments such as finance, procurement, storage and transportation, and human resources. Five sessions of compliance and business ethics training for new employees were conducted, recording 489 attendances.

#### Supply Chain Management

To establish an honest and transparent supply chain and maintain a fair market environment, Yuwell Medical consistently promotes compliance and business ethics management among its partners. The Company mandates that all suppliers sign an *Anti-commercial Bribery Statement* and relevant confidentiality agreements before entering into cooperation. This requirement extends to suppliers, regular distributors, logistics partners, and others. External reporting channels have been established to specifically identify and prevent business ethics risks in commercial processes. In 2024, the Company incorporated business ethics and anti-corruption content into supplier conferences, conducting integrity promotion throughout the supply chain to ensure effective implementation of business ethics policies. A total of five offline training sessions were conducted throughout the year, reaching 522 suppliers.

Yuwell Medical requires suppliers to comply with national and local laws, regulations, policies, and industry standards in their operating jurisdictions. It maintains a zero-tolerance policy towards any form of corruption, fraud, extortion, or embezzlement. Employees found violating these regulations face immediate dismissal and permanent disqualification from re-employment. For partners violating regulations, cooperation is terminated immediately upon verification, and supervision and control of relevant departments during collaboration are intensified. The Company reserves the right to conduct on-site or surprise audits of suppliers with appropriate notice to ensure continuous monitoring of supply chain compliance and business ethics risks. If improper or non-compliant behaviors are discovered during audits, cooperation is immediately terminated, and responsible parties face serious consequences. In 2024, the Company conducted factory audits of 30 suppliers, covering business ethics and anti-corruption related content.

Throughout the year, a total of



O offline business ethics training sessions were conducted for the supply chain

#### Anti-Unfair Competition

Yuwell Medical steadfastly upholds the *Anti-Unfair Competition Law of the People's Republic of China* and relevant anti-monopoly and fair competition regulations in all its operational jurisdictions. By strictly prohibiting practices such as price manipulation, false advertising, and trade secret infringement, the Company actively fosters a fairer and more transparent market ecosystem. Its comprehensive compliance and ethics training program integrates dedicated modules on anti-unfair competition, with eight specialized sessions delivered annually for all staff. These initiatives ensure employees gain thorough understanding of, and strictly comply with, the Company's anti-unfair competition policies. The Compliance Supervision Department regularly conducts anti-unfair competition reviews, addressing any violations with stringent measures.



During the reporting period, the Company reported no violations of anti-unfair competition laws and regulations.

#### Whistleblowing Management

Yuwell Medical upholds a zero-tolerance policy towards corruption and unethical business practices. The Company has implemented the *Yuwell Medical Management System for Whistleblowing* and established diverse reporting channels. Employees, suppliers, distributors, and other stakeholders are encouraged to report concerns openly or anonymously through mail, telephone hotlines, and other means. This approach promotes active participation of all employees, suppliers, and partners in the integrity supervision system, ensuring prompt and effective addressing of potential or existing violations of the Company's ethical standards, policies, and applicable laws.

The Company has established a core Supervisory Committee tasked with centrally managing whistleblowing complaints. This committee reports directly to the Chairman, thereby ensuring independence and impartiality in complaint resolution and supervisory operations. The whistleblowing process—from investigation to feedback—is typically concluded within 30 days of complaint receipt. Confirmed cases of corruption are subject to strict measures based on the severity of the offense.

Yuwell Medical is dedicated to strictly protecting the confidentiality of whistleblowers' personal information and reported materials. A confidential whistleblowing receipt ledger is maintained with a unified numbering system for receipts. Designated personnel exclusively handle whistleblowing cases and materials, managing them in strict accordance with confidentiality protocols. The Company explicitly prohibits disclosing whistleblowers' identities or case details to parties under investigation or unauthorized individuals. While safeguarding whistleblowers' anonymity, the Company takes stringent measures against any form of retaliation. Verified retaliatory actions are dealt with seriously, and behaviors that significantly endanger whistleblowers' rights are promptly reported to judicial authorities for potential criminal prosecution.

R		Mailing Address	Supervisory Committee, Yuwell Science and Technology Center, No. 1 East Huanyuan Road, Xuzhuang Software Park, Xuanwu District, Nanjing City, Jiangsu Province
	Whistleblowing	Telephone	025-85582701
Channels	Email	jubao@yuyue.com.cn	

#### Impact, Risk, and Opportunity Management

Yuwell Medical integrates business ethics and anti-corruption risks into its overall risk management framework. To proactively mitigate ethics-related risks, the Company undertakes regular risk identification and assessment, conducting thorough analyses of potential ethical risk factors. This includes evaluating various conflicts of interest, improper benefit transfers, and unfair competition risks in areas such as academic exchanges, clinical research, and retail terminal sales. The Company develops compliance policies and procedures to ensure that all business conduct across operations adheres to ethical standards and legal requirements. Through continuous enhancements to its monitoring system—including internal audits, compliance reviews, and confidential whistleblowing mechanisms—the Company enables timely detection and disclosure of potential risks.

Within the business ethics management framework, the Supervisory Committee and Audit Department conduct ad hoc audits and oversee the implementation of policies and the management of business ethics risks across various business scenarios. They regularly report audit results, significant findings, and matters requiring attention directly to the Board's Audit Committee and the Chairman, maintaining independence at organizational, business, and individual levels. Additionally, the Company annually reviews the effectiveness and compliance of its internal control system, proactively managing potential business ethics risks in operations. The Supervisory Committee and Audit Department, considering situational factors and based on corporate control requirements and departmental audit plans, constantly conduct targeted audits to enhance risk control in core business ethics, anti-corruption policies, and compliance systems. Furthermore, it establishes anti-corruption agreements with business partners and implements external reporting channels to specifically identify and mitigate business ethics risks in commercial processes.

#### **Indicators and Targets**

#### Indicator a

Zero major litigat involving corrupt competition

> 100% coverage ra corruption trainir

> 100% signing rate commercial Bride Statement and Su Responsibility Co by suppliers, dist partners of Yuwel parent company

100% handling ra whistleblowing re



nd Target	2024 Achievement Status
ation cases tion or unfair	Target achieved
rate of anti- ing	<ul> <li>Target achieved</li> <li>Average anti-corruption training duration per director: 5.7 hours, with 100% coverage rate.</li> <li>Average anti-corruption training duration per employee: 6.7 hours, with 100% coverage rate.</li> </ul>
te of Anti- bery Supplier Social ommitment tributors, and ell Medical's	Target achieved
rate of valid reports	Target achieved

## **Information Security and Privacy Protection**

#### Governance

Yuwell Medical's information security and privacy protection governance structure is deeply integrated into its overall governance framework. The IT Leadership Group is responsible for formulating macro strategies and key decisions regarding information security, as well as overseeing the implementation of information security measures. The Information Management Department executes specific information security measures, ensuring the continuous and effective running of the information security operation and maintenance system, and reports directly to the IT Leadership Group. Additionally, the Company has established quantitative information security indicators and a reward/punishment mechanism, incorporating information security performance into the employee evaluation system to reinforce information security management practices.

Yuwell Medical adheres to the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, as well as other applicable laws and regulations in its operational regions. Benchmarking against standards such as ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System, the Company has developed a comprehensive Information Security, Privacy, and Personal Identifiable Information Management Manual. This is complemented by a series of management procedures, regulatory systems, and related forms including the Information Security Management System, Data Security Management System, Information Security Risk Assessment Management Measures, Information Security Outsourcing O&M Management Regulation, and Overseas Data Security System. Taken together, these measures constitute a robust information security protection system that spans all business areas. The system ensures the security of the Company's information infrastructure, application systems, products, and customer information, thereby safeguarding operational continuity.

#### Strategy and Management Mechanisms

Yuwell Medical adheres to the management principle that "Information assets are the foundation of survival; privacy security is everyone's responsibility". The Company has established clear procedural standards across various aspects, including information security and privacy protection policy regulations, risk and impact assessments, lifecycle management, network and information security emergency management, monitoring, and auditing. These standards strictly govern employee behavior in areas such as network security, operation and maintenance management, data center management, system changes, personal information and privacy protection, and overseas data security. The Company emphasizes information security and privacy protection training and conducts regular audits to constantly enhance its capabilities in these critical areas and personal identifiable information management.

#### Information System and Data Security

#### Data Backup and Recovery

The Company has implemented comprehensive data recovery plans, which specify the requirements and protocols for data backup, extraction, and usage to ensure rapid recovery in case of loss or damage. Cloud services and NAS (Network Attached Storage) have been utilized for scheduled full/ incremental backups to mitigate data loss risks. Quarterly recovery drills of backup data in simulated environments are conducted to verify recoverability.

#### **Tiered Control of** Data Assets

The Company has classified and graded its data assets, including marketing, production, financial, and R&D data, according to a threetier system (i.e., core, important, and general data). Targeted protection measures have been applied based on this classification, with enhanced tiered control and permission management to ensure optimal protection for the most sensitive and critical data. These actions help reduce the risks of data breaches, loss, and misuse while improving data management efficiency and security.

#### **Enhanced Technical** Protection

The Company constantly upgrades its information security protection capabilities, implementing encryption/decryption management for servers and terminal data. Internal and external firewalls, situation awareness systems, and other intrusion detection and prevention mechanisms have been deployed. Network isolation protocols have been strengthened, complemented by regular security assessments and vulnerability scans to maintain a robust data security protection framework.

### 🛞 Overseas Data Security Management

To strengthen data protection in its global operations and ensure the confidentiality, integrity, and availability (CIA) of data, Yuwell Medical strictly complies with relevant international laws and regulations—particularly local data protection requirements in the jurisdictions where it operates. The Company has established a comprehensive Overseas Data Security System that clearly defines requirements across various dimensions, including overseas data collection and storage, transmission and utilization, sharing and disclosure, emergency response protocols, and supervision and auditing procedures. This robust system rigorously safeguards against security risks associated with overseas data management and cross-border data transfers.

### 🕒 Supply Chain Information Security Management

During supplier admission assessments, Yuwell Medical incorporates the protection of customer information security into its evaluation criteria. Stringent confidentiality clauses are stipulated in the Sourcing Framework Agreement to ensure that confidential information and related data remain secure. The Company has implemented the Information Security Outsourcing O&M Management Regulation to conduct thorough security reviews and ongoing monitoring of service providers. This proactive approach allows for the timely detection and correction of various anomalies in the service process, mitigating risks such as information leakage, tampering, unavailability, unauthorized access, and physical environment or facilities damage.

#### Personal Information and Privacy Protection

Yuwell Medical adheres to the privacy protection principles of "legality, authorization, and confidentiality", integrating data privacy protection into its overall compliance management framework. The Company is working to improve its privacy data management system, which covers various types of product data. This effort aims to ensure transparency in how data is collected and used. This system ensures compliance at every stage of the personal information lifecycle-from collection and usage to transmission, storage, and deletion. Furthermore, the Company actively engages in formulating industry standards for medical data security, thereby promoting the standardized, secure, and efficient use of medical data.

#### Information Security **Emergency Management**

The Company regularly improves its Cybersecurity Emergency Response Plan. An early warning and emergency response technology platform has been established to enhance capabilities for swift detection and analysis of security incidents. Protocols for managing and handling emergency events have been strengthened to ensure prompt and effective information security responses. Thirtyfive information security emergency drills were successfully conducted throughout the year.

The Company includes information security as part of its onboarding programs to ensure new hires understand role-specific security risks and baseline requirements. Regular company-wide training sessions and awareness campaigns are held to highlight the importance of information security in daily tasks, helping employees better identify and prevent potential data security issues. During the reporting period, the Company delivered 15 specialized information security training sessions, covering topics such as overseas data classification, information security management, and endpoint protection security.

#### Information Security **Culture Building**





- The Company conducts all operations involving personal data collection, storage, processing, transportation, and use in strict accordance with applicable laws, regulations, and codes of conduct, conscientiously safeguarding the legitimate rights and interests of data subjects.
- The Company requires users to verify the legality and compliance of external data sources before introducing them into Yuwell systems or storage infrastructure.



- Prior to obtaining personal information, the Company mandates the signing of a *Yuwell Software Service Agreement* with individual consent, fully respecting and upholding the rights of individuals to be informed, access, correct, and delete their information.
- The Company meticulously assesses the necessity of obtaining personal data, refraining from accepting or collecting data unrelated to its business functions.
- The Company guarantees relevant parties' rights to knowledge, choice, and control over their personal information. Only authorized data is obtained and used, with a series of measures taken to minimize the use of personal information.



• The Company maintains strict confidentiality of privacy data, refraining from sharing, transferring, or disclosing users' personal information to any third-party company, organization, or individual without explicit permission. It establishes robust data security capabilities, implements necessary management and technical measures, and conducts regular inspections and evaluations of the effectiveness of privacy data management and technical safeguards to prevent data breaches, damage, loss, or tampering.

#### Impact, Risk, and Opportunity Management

Yuwell Medical has implemented the *Information Security Risk Assessment Management Measures*, establishing a clear process for assessing information security risks. This thorough procedure encompasses risk assessment preparation, threat and vulnerability identification, risk evaluation and analysis, risk treatment, residual risk management, and risk control. By quantitatively assessing risk levels, the Company enhances its capability to accurately identify and evaluate potential cybersecurity threats, facilitating the development of targeted mitigation strategies. The information security risk assessment team comprises cross-departmental cybersecurity personnel and external experts, ensuring a comprehensive and professional evaluation through collaborative expertise. Assessment methodologies incorporate a mix of questionnaires, interviews, automated scans, manual inspections, document reviews, and ethical penetration testing. Risk levels are determined by integrating both the value of the assets involved and the likelihood of potential threats occurring. The Company conducts risk assessments at least annually and updates them in response to changes in information systems, business operations, and information security incidents, thereby maintaining timely and effective risk management.

During the information security risk assessment process, Yuwell Medical systematically identifies a wide range of potential risks, including technical risks (e.g., hardware and software failures, physical environmental impacts, malicious code, and viruses), human risks (e.g., negligence, operational errors, mismanagement, unauthorized access or abuse, and hacker attacks), management risks (e.g., inadequate security policies, organizational security management deficiencies, and low personnel security awareness), and legal and regulatory risks (e.g., potential legal liabilities or reputational damage resulting from non-compliance with relevant laws and regulations). These risks are incorporated into the enterprise-wide risk management framework to safeguard the Company's information assets, thus ensuring privacy protection. Yuwell Medical deploys multidimensional risk prevention and control measures to mitigate information security risks. At the technical level, the Company has established a robust protection system incorporating network isolation, data encryption, firewalls, vulnerability scanning, and early warning

mechanisms. At the management level, the Company has implemented comprehensive information security and privacy protection policies and procedures. Ongoing training and preventive management are also emphasized to avoid, transfer, and mitigate information security risks.

Yuwell Medical regularly audits its information security management system in alignment with its business characteristics, constantly monitors information security technology trends, and evaluates and enhances risk control measures to maintain robust information security protection capabilities, thereby ensuring business continuity and data asset security. The Company conducts specialized audits across five key areas: user access management, system development, system changes, logical access, and other general controls. Independent third-party organizations are also engaged to audit the Company's information security system and provide *Information System Audit Reports*, validating the effectiveness and compliance of information security supervision. These teams are responsible for the daily monitoring and inspection of data processing activities outside the country. They regularly review the implementation of data security protocols, data access logs, security incident reports, and other relevant information, aiming to swiftly identify and rectify any data security discrepancies or violations. The Company periodically engages internationally accredited third-party security audit firms to conduct comprehensive assessments of its overseas data security management system. Any identified issues are promptly addressed in accordance with audit recommendations, ensuring continuous improvement in data security management standards.

**Indicators and Targets** 

#### Indicator and Target

Yuwell Medical has successfully

obtained ISO 27001 and ISO

27701 certifications

100% coverage rate of information security training
100% completion rate of annual IT-specific review for critical business system permissions
Zero major information security incidents
Zero information leakage incidents



The Yuwell Anytime system has achieved Level 3 Information System Security Protection certification

#### 2024 Achievement Status

Target achieved	
Target achieved	
Target achieved	
Target achieved	

### **Sustainable Supply Chain**

#### Governance

The quality, resilience, and sustainability of the supply chain are paramount to Yuwell Medical's stable development. The Company has established an efficient supply chain management system through a clear delineation of responsibilities and robust cross-departmental collaboration mechanisms. The Supply Chain Management Department comprises four specialized teams: the planning and procurement team, the resource development team, the advance procurement team, and the indirect procurement team. These teams are responsible for managing the entire lifecycle of suppliers. They lead and participate in supplier evaluations in line with the Company's procurement policies and requirements, and coordinate all activities related to suppliers. The Quality Department works closely with the Supply Chain Management Department to carry out thorough supplier audits, assessments, and controls. Together, they aim to build a high-quality and resilient supply chain.

Yuwell Medical strictly adheres to the Law of the People's Republic of China on Invitation and Submission of Bids and its associated implementation regulations, alongside other pertinent laws and regulations. The Company has formulated internal management standards, including the Supplier Management Control Procedure and Procurement Control Procedure. These standards govern the entire supplier lifecycle-from screening and onboarding to collaboration, evaluation, and exit. By strictly enforcing supply chain compliance requirements, the Company establishes a fair and equitable procurement environment while constantly optimizing supplier portfolios, thereby enhancing overall supply chain efficiency and risk resilience.

#### Strategy and Management Mechanisms

Guided by its overarching business strategy, Yuwell Medical consistently refines its supplier lifecycle management, formulates and implements sustainable procurement policies, reinforces data-driven decision-making processes, and enhances collaborative efficiency. The Company is committed to building a competitive, resilient, and sustainable supply chain, providing a solid foundation for achieving its strategic objectives.

#### Supplier Lifecycle Management

#### Supplier Screening and Admission

Yuwell Medical has deployed a robust mechanism for screening and admitting suppliers. By developing multi-dimensional evaluation standards, the Company carries out thorough gualification reviews of potential suppliers. These assessments evaluate supply and delivery capability, financial risk capability, quality assurance capability, R&D and technical capability, and adherence to sustainability requirements. Suppliers who meet these criteria are included in the Oualified Supplier Directory and are subject to classified and tiered management, contributing to the development of a high-quality supply chain ecosystem.

Supply and Delivery Capability	Occupational health and safety, information security protection, environmental stewardship, procurement and supplier management, delivery efficiency, and warehousing and transportation management.
Financial Risk Capability	Asset quality indicators, profitability metrics, and internal control management systems.
Quality Assurance Capability	Quality management systems, personnel training programs, equipment management protocols, quality control practices, supplier management procedures, and warehouse management efficiency.
R&D and Technical Capability	Technical reserves, R&D and design capabilities, new product introduction processes, and engineering management competencies.

### 🕅 Supplier Evaluation and Improvement

Yuwell Medical employs a classified and tiered management approach for its suppliers. Based on the type of products and services provided, suppliers are categorized into material suppliers, storage and transportation suppliers, and IT service suppliers, with tailored management requirements and standards established for each category. The Supplier Management Control Procedure clearly delineates protocols for supplier audits, performance evaluations, and potential restrictions or eliminations. Following classification and tiering principles, the Company develops rigorous annual audit plans for all admitted suppliers. This process includes issuing and distributing Supplier Evaluation Forms and conducting regular monitoring and thorough assessments of suppliers' qualifications, contract performance, quality management practices, and social and environmental impacts through both remote and on-site audits. Based on the audit findings, the Company issues Supplier Corrective and Preventive Action Reports, providing prompt feedback to suppliers and guiding them through targeted improvement efforts in response to identified issues. During the reporting period, Yuwell Medical's parent company conducted 65 on-site audits, including evaluations of newly admitted suppliers.

#### **Material Supplier Management**

Ensuring a high-quality and stable material supply is critical to guaranteeing product safety and reliability from the source. Yuwell Medical prioritizes material supplier management by implementing a category-based and tiered approach. This system classifies suppliers according to four key criteria: the criticality of the component's role in the final product, the complexity of its production process, its risk level to product quality and safety, and audit sample test results. The Company develops annual supplier audit plans to evaluate the systems of material suppliers listed in the Qualified Supplier Directory. Quarterly performance assessments are conducted to inspect the quality of supplied goods, with underperforming suppliers required to analyze root causes and implement corrective and preventive actions (CAPA). The Company establishes strategic partnerships with reputable key material suppliers to achieve long-term supply chain stability.

The Company has implemented robust exit mechanisms at various stages of supplier management to maintain stringent quality control. For material suppliers, after passing the initial screening and admission process, new suppliers' materials undergo production trial evaluations. Suppliers failing three production trials are eliminated. During annual audits, suppliers receiving a C-grade are required to improve within a specified timeframe and face elimination if they fail a re-evaluation. Suppliers receiving a D-grade are immediately disqualified. Those receiving three consecutive C-grades are downgraded to D and have their supply qualifications suspended.

Assessment Grade	Assessment Result	Score	Treatment Method
А	Excellent supplier	≥ 90	Priority procurement
В	Standard supplier	70-89	Normal procurement
C	Provisionally acceptable supplier	60-69	Time-limited improvement, reduced procurement
D	Unqualified supplier	<60	Supply qualification cancelled

### Collaborative Win-Win with Suppliers

Yuwell Medical actively fosters cooperation and exchange with suppliers, delivering professional training and placing a strategic focus on the development of small and medium-sized vendors. The Company provides tailored support to suppliers facing temporary challenges, constantly optimizing the supplier ecosystem to enhance overall supply chain competitiveness. Through multilateral dialogue and communication, the Company proactively shares updates on production requirements, product quality standards, and company policy interpretations. With an open and cooperative approach, the Company grows alongside its suppliers, achieving collaborative optimization and sustainable development of the supply chain.

#### Case Annual Supplier Conference

In October 2024, Yuwell Medical hosted its 2024 Annual Supplier Conference themed "Quality, Wisdom, Supply, and Win". The conference comprised four sessions, engaging 309 suppliers of the Company and 213 suppliers of its branches and subsidiaries. Supplier partners from around the globe actively attended the event, collectively exploring product innovation-driven industrial upgrading and the future development of globalized supply chains.



#### Sustainable Procurement

Yuwell Medical integrates sustainability requirements into its supply chain management system, explicitly mandating the consideration of environmental, social, and governance factors in the procurement process. Suppliers are required to sign documents such as the Supplier Anti-Commercial Bribery Commitment and Supplier Social Responsibility Commitment, ensuring compliance with BSCI (Business Social Compliance Initiative) regulations and legal requirements. These commitments encompass principles including anti-bribery, anti-corruption, anti-monopoly, anti-money laundering, and conflict of interest avoidance in business conduct. They also prohibit the use of child labor and forced labor, mandate the provision of safe and healthy work environments, respect for employee rights, elimination of discrimination, and establishment of social responsibility management systems. The Company implements and monitors supplier sustainable procurement requirements through rigorous supplier assessments, contractual terms, training and education, and regular audits to ensure supply chain sustainability and stability. Additionally, the Company treats suppliers with integrity, adhering strictly to legal requirements for timely payment to small and medium-sized enterprises, thus protecting their legitimate rights and interests.

In 2024, 231 suppliers of Yuwell Medical's parent company were certified for quality management systems, 30 for environmental management systems, and 66 for occupational health and safety management systems.



#### Product and Service Quality

The Company clearly articulates its quality requirements in the *Quality Agreement* and *Freight Transportation Services Contract*. A robust quality information sharing mechanism is established with suppliers, alongside regular audits and assessments. When necessary, quality training, technical cooperation, and exchanges are provided to strictly control quality risks at all stages. For detailed information, please refer to the "Product Quality and Safety" section of this report.



Total number of suppliers 516



Proportion of suppliers subjected to quality and safety assessments

Note: Statistics pertain to Yuwell Medical's parent company.



The Company mandates all suppliers to sign the *Supplier Anti-commercial Bribery Statement*. It reinforces advocacy and training, and when necessary, conducts thorough due diligence investigations and audits of partners based on cooperation projects. The aim is to foster long-term partnerships with suppliers who adhere to high standards of business ethics. For detailed information, please refer to the "Adherence to Business Ethics" section of this report.



Proportion of suppliers subjected to environmental assessments

100%



On-time payment rate to SMEs



#### Environmental Protection and Labor Rights

The Company conducts comprehensive social responsibility audits on suppliers in accordance with BSCI and local government requirements, resulting in detailed *Supplier Social Responsibility Audit Reports*. These audits cover multiple critical areas including child labor, forced labor, occupational health and safety, freedom of association and collective bargaining, anti-discrimination, and environmental issues. Suppliers who have obtained relevant environmental management system and occupational health and safety certifications are given favorable consideration during admission and audits, encouraging suppliers to strengthen their sustainability management practices.

#### **Resilient Supply Chain**

Establishing a resilient supply chain and ensuring business continuity are pivotal aspects of building a sustainable supply chain. Yuwell Medical proactively enhances its supply chain safeguarding measures to ensure stability and reliability. In 2024, the Company maintained stable raw material supplies, with no production disruptions attributed to material shortages.



• The Company expands its supplier network and builds secondary sourcing capabilities along with a supplier rotation mechanism. Through a diversified supply network and primary/backup strategies for critical materials, the continuity of key material deliveries is assured. The Company maintains a robust supplier pool for priority categories and constantly optimizes suppliers to mitigate supply risks.

• The Company bolsters its supply chain digital management through real-time tracking and monitoring, with particular emphasis on high- and medium-risk materials. Advanced data analysis and forecasting techniques are employed to promptly identify and resolve potential issues, maintaining the stability of raw material supply.



Management

- The Company has established an intelligent WMS (Warehouse Management System) to enhance real-time inventory tracking and predictive analysis, optimizing inventory strategies and ensuring dynamic management to maintain optimal inventory levels and sufficient supply of critical materials.
- The Company has optimized its logistics network, including streamlining transportation routes, rationalizing transportation methods, and fostering robust partnerships with logistics providers to ensure supply chain efficiency.



- The Company has developed differentiated emergency response and backup plans based on the severity levels of production activities and the likelihood of supply delays, ensuring rapid response and recovery in emergencies.
- Contingency Planning

31

• The Company has established and constantly refined a multi-site layout to provide mutual backup facilities, ensuring uninterrupted product supply in the event of natural disasters, unusual accidents, or significant changes in the external environment.



#### Impact. Risk, and **Opportunity** Management

**Targets** 

Yuwell Medical navigates a diverse landscape of supply chain risks, encompassing quality risks (e.g., raw materials, products, and services), supply risks (e.g., supplier disruptions, raw material shortages, transportation delays), financial risks (e.g., price fluctuations, market volatility), compliance risks (e.g., violations of laws, regulations, and company policies), and ESG risks (e.g., labor rights, occupational health and safety, business ethics, and anti-corruption). The Company's internal management standards, including the Supplier Management Control Procedure and Procurement Control Procedure, comprehensively address supply chain risks and implement meticulous risk control measures across all supply chain stages.

The Company conducts annual, in-depth identification and assessment of potential supply chain risks, including ESG risks. It performs thorough analyses of specific mitigation measures for different supplier categories and develops comprehensive annual audit plans. Regular monitoring and holistic evaluations of suppliers are conducted to ensure effective control of supply chain risks. In cases where a supplier's assessment performance is subpar, the Company generates a Supplier Corrective and Preventive Action Report, formulating and implementing targeted risk management measures to contain or mitigate the risk. For suppliers presenting extreme risks, it swiftly terminates cooperation. The Company constantly monitors and tracks the implementation of supplier risk management measures, periodically evaluating their effectiveness. To address supply chain issues promptly, a robust emergency response mechanism has been established to mitigate the potential impact of supply chain risks on business operations.

## Indicators and

Zero business

Indicato

Incoming mate acceptance rate

100% of suppli environmenta safety assessm

and Target	2024 Achievement Status
interruptions	<b>Target achieved</b> No instances of unfinished manufacturing tasks due to supply chain disruptions.
erial te≥98.50%	<b>Target achieved</b> Incoming material acceptance rate: 99.03%
iers underwent I, quality, and nents.	Target achieved



# Innovation-Driven Development Empowering Life Through Technology

R&D investment throughout the year 546.68 milli

Yuwell health products covered by digital health services 500,000 units

First-pass yield **99.72%** 



高流量呼吸湿化仪 HFT-90AP







### **Empowering Health Through Innovation**

#### Governance

New quality productive forces, with innovation at their core, drive enterprises to explore novel development paths and create fresh competitive advantages. Yuwell Medical has established a scientific and efficient innovation and R&D project decision-making and management system, focusing on cultivating and applying new quality productive forces. The Board of Directors oversees decisions related to innovation strategy, ensuring that innovation aligns with the Company's overall strategy. The management team delivers robust support for R&D projects through a review mechanism for innovation management, optimizing resource allocation strategically. Meanwhile, the R&D Department, in collaboration with the Industrial Design Center, drives innovation implementation to ensure the Company's product development and technical research remain advanced and forward-looking. Additionally, the Company has broken down functional barriers by establishing mechanisms for crossfunctional collaboration and resource sharing. This ensures close cooperation and efficient synergy among R&D, marketing, production, and quality departments throughout the entire process from R&D and production to market promotion, actively responding to the industry trend towards more intelligent, precise, cutting-edge, and internationalized medical and health industry chains.

To ensure high-quality and efficient advancement of R&D innovation, Yuwell Medical has formulated comprehensive R&D innovation management systems. These include the Yuwell Medical R&D Management System, Yuwell Medical R&D Cost Collection and Accounting Management Methods, Yuwell Medical Technology Achievements and Innovation Rewards and Discipline Methods, and Yuwell Medical Industry-Academia-Research Collaboration Management Measures. These systems are developed in accordance with relevant domestic and international laws, regulations, technical guidelines, industry norms, and standards. They clearly define requirements and standards for R&D project initiation management, project management, production transfer management, takeover management, achievement management, and reward mechanisms. Leveraging cross-departmental IPD (Integrated Product Development) process and PLM (Product Lifecycle Management) tools, the Company accelerates the cultivation and development of new quality productive forces, enhancing its core industrial competitiveness.

### Strategy and Management **Mechanisms**

Adhering to the vision of "leading industry development through innovation and enhancing the health of millions of families", Yuwell Medical follows the development strategy of "reshaping medical devices through innovation". The Company consistently increases R&D investment in line with national strategic needs and development trends in the medical and health field. It deepens global strategic layout and strengthens the integration of industry, academia, and research. With R&D innovation as the core engine of enterprise development, the Company promotes product and service innovation to bring high-value medical solutions to society.

#### **R&D** Innovation System

Yuwell Medical focuses on building a global R&D network, establishing multiple R&D centers and production bases in Germany, Italy, Shanghai, Shenzhen, Nanjing, Suzhou, Danyang, Xizang, and other locations. The Company actively integrates R&D innovation resources from domestic and international research institutions and universities, constructing highlevel, open scientific and technological innovation platforms and comprehensive innovation systems. It has established multiple internationally leading R&D technology platforms and conducts technological innovation research and key technology breakthroughs through diverse R&D strategies, such as independent research and cooperative development, to achieve rapid iteration and optimization of product lines.



New Material Technology Platform Advanced Anti-HCT Interference Technology Platform

Leveraging its profound R&D technological foundation, Yuwell Medical focuses on multiple key areas such as respiratory therapy and blood glucose management. The Company has achieved numerous important technological breakthroughs and obtained a series of internationally advanced, proprietary achievements and patents. It possesses multiple national, provincial, and ministerial-level scientific research innovation platforms, including the National Enterprise Technology Center, National Industrial Design Center, and National Postdoctoral Scientific Research Workstation. The Company has repeatedly undertaken national and provincial key projects such as National Key R&D Programs, National Major Technical Equipment Research Projects, and Jiangsu Provincial Scientific and Technological Achievement Transformation Projects, accelerating the transformation and industrialization of technological achievements.

#### Received

national scientific and technological innovation awards during the reporting period

national scientific and technological innovation awards cumulatively

#### Receive

Nanjing Yuyue Software Technology Co., Ltd. was recognized as a High-Tech Enterprise

Receive

scientific and technological innovation awards cumulatively

Shanghai Likang Disinfectant Hi-Tech Co., Ltd. was recognized as an SRDI SME



Motor Drive Technology Platform





Compressor R&D Application Platform



Micro-nano Laboratory MEMS Process Platform

provincial scientific and technological innovation awards during the reporting period

Received

Jiangsu Yuwell-POCT Biological Technology Co., Ltd. was recognized as a Specialized, Refined, Differentiated and Innovative (SRDI) SME and a Jiangsu Provincial Private Science and Technology Enterprise

Shanghai Medical Instruments (Group) Co., Ltd. was recognized as a High-Tech Enterprise and a SRDI SME

#### Respiratory Therapy

Yuwell Medical's oxygen concentrator technology has undergone three generations of technological upgrades, amassing nearly 100 patents. Significant breakthroughs have been achieved in low-noise technology, with pressure stability improved to worldclass levels, enabling customized treatment solutions. In 2024, the Company advanced the innovative development of variable frequency scroll oxygen concentrators, achieving noise control between 29-34dB(A) and increasing compressor lifespan by 30%-50%. It successfully achieved mass production of 5L/10L scroll compressors and completed the construction of the first prototype of an integrated respiratory oxygen machine, offering new solutions for mobile medical scenarios such as chronic obstructive pulmonary disease and sleep apnea.

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#### Blood Glucose Monitoring

Yuwell Medical has diversified its portfolio from traditional fingertip blood glucose meters (BGM) to continuous glucose monitoring (CGM) systems. Traditional BGM products have undergone continuous optimization in test strip design, significantly enhancing measurement accuracy and user experience, suitable for daily monitoring and rapid testing in emergency situations. CGM systems provide accurate blood glucose monitoring data and more convenient, precise solutions for diabetic patients through high-performance chips, micro-sensors, and advanced algorithms. The Company is accelerating its presence in the CGM field. In January 2025, the Anytime 4 series CGM product obtained the medical device registration certificate, featuring disposable sensors that can be used constantly for 15 days, significantly improving accuracy and ease of use. In April 2025, the Anytime 5 series CGM product received the medical device registration certificate, adopting an integrated structural design paired with the Company's latest sensor and algorithm development platform, further enhancing product accuracy and usability.

Yuwell Medical's blood glucose management strategy focuses on seamless integration between in-hospital and out-of-hospital care, achieving a comprehensive solution. In-hospital management delivers real-time blood glucose data through the CGM system, enabling clinicians to develop personalized treatment plans and reduce the risk of abnormal blood glucose levels. Out-of-hospital management harnesses the integration of portable home monitoring devices and mobile applications, thereby enabling patients to access real-time data, conduct trend analyses, and receive health recommendations. Collectively, these solutions empower diabetic patients to adjust their lifestyles based on data-driven insights while offering data-sharing capabilities and reminder functions for family and friends, further enhancing patient engagement in their care.

#### Industry-Academia-Research Cooperation

Yuwell Medical embraces the concept of open collaboration and has formulated the *Industry-Academia-Research Collaboration Management Measures*. It partners with high-level third-party institutions to establish comprehensive innovation centers integrating R&D, talent cultivation, and business exploration, accelerating technological innovation processes and nurturing professional talent for the industry. The Company has engaged in in-depth and effective industry-academia-research cooperation with numerous universities, research institutes, and clinical hospitals, including the Chinese Academy of Sciences, Beijing Institute of Technology, Nanjing University, Southeast University, Sichuan University, Peking Union Medical College Hospital, and Jiangsu Provincial Hospital. These collaborations aim to jointly address clinical challenges, improve medical device diagnostic and treatment technologies, and contribute to the high-quality development of the healthcare industry.

## Case National Key R&D Program Successfully Completed, Marking a Major Breakthrough in Continuous Glucose Monitoring

In September 2024, the National Key R&D Program titled "Development of a Wearable Continuous Glucose Monitoring System and Its Application in Personalized Diabetes Health Management" successfully passed final acceptance. This project was led by Yuwell Medical and jointly undertaken by more than ten institutions, including the Institute of Microelectronics of the Chinese Academy of Sciences, the Institute of Electronics of the Chinese Academy of Sciences, the Suzhou Institute of Biomedical Engineering and Technology of the Chinese Academy of Sciences, and Peking Union Medical College Hospital. This represents a significant technological breakthrough for Yuwell Medical in diabetes management, particularly in real-time CGM systems. Through a combination of sensor optimization and algorithm refinement, the project improved data accuracy and stability while facilitating personalized health management via big data and Al integration.

The project focused on the R&D of cutting-edge technologies for various forms of CGM, including minimally invasive and implantable systems, as well as the establishment of personalized diabetes health management platforms. It offers diabetic patients a more convenient and accurate way to monitor their blood glucose levels, allowing both doctors and patients to adjust management strategies in real time. By minimizing user discomfort and reducing infection rates, the project demonstrates notable advantages—particularly in clinical efficacy, comfort, portability, and safety.

#### Talent Development and Innovation Culture

Yuwell Medical firmly believes that talent is the driving force behind technological innovation. The Company has established a comprehensive talent lifecycle management system covering attraction, nurturing, retention, and utilization. By integrating full-time recruitment with flexible work arrangements, it has built an innovative professional team of over 2,200 members, including more than 100 doctoral-level professionals and senior experts. Among the team members are over 30 high-level talents who have been recognized under major national talent programs, including recipients of the National Major Talent Project, members of the Chinese Academy of Sciences' Hundred Talents Program, talents selected for Jiangsu Province's Entrepreneurship and Innovation Program, and top-tier experts honored under Zhenjiang's Jinshan Talent Program and the Danfeng Chaoyang Initiative.

To constantly enhance the team's technical proficiency and innovative capabilities, the Company prioritizes the cultivation of strategic R&D management talent. It regularly organizes cross-functional R&D training and exchange sessions for employees. Through a mix of internal/external training programs, technical seminars, and workshops, the Company facilitates knowledge sharing and technical collaboration, helping staff keep pace with cutting-edge technologies and industry trends. Additionally, the Company hires industry experts as R&D consultants to foster resource sharing and complementary advantages, driving upgrades in corporate technology and self-reliant innovation in core R&D areas.

Yuwell Medical has introduced innovative incentive mechanisms, such as the R&D Quarterly Star Selection, and implemented the *Performance Commitment Management Measures* and *Technology Achievements and Innovation Rewards and Discipline Methods*. These initiatives are designed to stimulate employees' enthusiasm for innovation and provide preferential resources for outstanding innovative projects. In addition, the Company drives cross-disciplinary technological innovation initiatives to nurture an innovation culture that supports experimentation and embraces failure. This approach not only unlocks employees' innovative potential but also sustains a dynamic environment of continuous innovation and exploration, providing long-term momentum for the Company's development.

#### Establishing a Qualification System to Accelerate R&D Talent Pipeline Development

In 2024, Yuwell Medical's Innovation Institute implemented the Consumer Health R&D System Qualification Assessment project, establishing professional talent qualification standards covering multiple technical domains including software, hardware, structure, and registration. Through a rigorous standard development and certification process, five core technical personnel were successfully identified and certified, bringing the total number of certified individuals to 28. The qualification assessment scientifically promoted talent development and strengthened the R&D expert pipeline, providing solid talent support for product R&D and innovation, thus driving the Company's continuous technological innovation.

#### **Technology Ethics**

Yuwell Medical adheres to the principle of "doing the right thing in the right way", complying with scientific and technological ethical norms and advocating the cultivation of social responsibility values. Based on market and customer-oriented independent innovation, with core technologies as the focus and excellent quality as the guarantee, the Company commits to not developing or using scientific technologies that harm the natural environment, life and health, public safety, and ethical morals. Through the development of innovative and applicable new products, technologies, and processes, the Company aims to bring positive impacts to social progress.

Regarding data processing, the Company follows the principles of legality, confidentiality, and authorization, ensuring that the collection, storage, and use of personal data are compliant while fully protecting the legitimate rights and interests of data subjects (for detailed information, please refer to the "Information Security and Privacy Protection" section of this report).

In clinical research processes, Yuwell Medical strictly adheres to standards such as the Declaration of Helsinki, the Good Clinical Practice for Medical Devices, and the ISO 14155 management system. All clinical research projects must undergo review by independent ethics committees and are subject to regular supervision and evaluation. Research subjects receive detailed information about the purpose of the study, the procedures involved, and any potential risks. Their written consent is obtained to ensure informed consent and voluntary participation. Data collection and utilization adhere strictly to legal requirements, ensuring the privacy and security of subjects' data. Throughout the research process, a specialized mechanism monitors subjects' health and safety, providing timely medical support to maintain the study's scientific and ethical integrity while safeguarding subject rights.

#### Intellectual Property Protection

Yuwell Medical strictly complies with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and regulatory requirements in the medical device industry. The Company has developed a series of management measures, including the Intellectual Property Management System of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd, and set up a dedicated Intellectual Property Management Department. By refining its IP management system, conducting regular internal audits and external reviews. and strengthening the management of R&D outputs, the Company effectively prevents the loss of intangible assets while fostering employees' enthusiasm for invention and creative innovation. In day-to-day operations, the Company prioritizes cultivating employees' IP awareness through regular training sessions, helping them understand the significance of intellectual property and how to apply and protect it effectively in their work. To safeguard R&D achievements, the Company has also developed an R&D Intellectual Property Risk Assessment Form and implements rigorous IP protection strategies to mitigate risks of technology leakage and infringement.

While upholding its own intellectual property rights, the Company fully respects the IP rights of others. It is committed to avoiding infringement, strengthening comprehensive patent risk management, and strictly honoring confidentiality obligations in technical collaborations. Through such practices, the Company aims to maintain a fair competition environment and foster healthy market development.

#### Impact. Risk. and Opportunity Management

Identifying and managing risks associated with innovation activities is crucial for maintaining a company's sustained competitiveness. To address various risks, including rapid technological advancements, the impact of emerging technologies such as AI and big data, new product development challenges, potential loss of scientific talent, and policy and regulatory uncertainties, Yuwell Medical has implemented a crossdepartmental IPD management process. This comprehensive approach ensures that risk management activities are seamlessly integrated throughout the entire product development cycle.

The IPD process facilitates swift information exchange between departments and enables multi-perspective project reviews through collaboration among crossfunctional teams in R&D, marketing, production, procurement, and after-sales service. By integrating market trend analysis, technology forecasting, and structured development workflows, the Company systematically identifies risks across technical, market, supply chain, and financial domains. This iterative process constantly enriches the Company's risk database, enabling real-time monitoring and proactive mitigation of potential R&D challenges. To address the inherent uncertainties in technological development, the IPD process emphasizes a market-demand-driven approach, ensuring that product development closely aligns with customer needs. This strategy allows for continuous refinement and optimization throughout the product development process, reducing the risk of R&D innovation deviation through iterative improvements and rapid responses to market changes. The IPD framework emphasizes continuous risk governance through regular reviews of risk registers and evaluations of mitigation strategy effectiveness. Risk management plans are dynamically adjusted based on project milestones and external environmental shifts. To ensure real-time project visibility, the Company has instituted risk early warning mechanisms and escalation protocols. In collaborative initiatives, Yuwell Medical rigorously assesses partners' reputations and R&D capabilities, safeguarding corporate interests through robust confidentiality agreements and welldefined contractual clauses that minimize collaboration risks.

#### **Indicators and Targets**



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Indicator and Target	2024 Achievement Status
Ensure R&D investment to drive product upgrades and business development through technological innovation.	<ul> <li>Target achieved</li> <li>R&amp;D investment throughout the year: RMB 546.68 million, representing 7.23% of operating revenue.</li> <li>R&amp;D personnel:1,219, constituting 19.21% of the total workforce.</li> </ul>
Increase the number of patent applications and grants.	<b>Target achieved</b> Maintain 1,195 valid granted patents, with 295 new patent applications filed during the year and 200 new patents granted within the year.

### **Commitment to Uphold Quality**

### **Product Quality and Safety**

#### Governance

Yuwell Medical adheres rigorously to high-standard governance principles, ensuring that every facet of product design, manufacturing, and distribution meets stringent safety and quality benchmarks. The Company instills and deepens a culture of quality excellence across all employees. Through a comprehensive framework of policies, objectives, systems, concepts, and standards, it guides quality-driven behaviors and elevates organizational quality competence. Top management meticulously formulates and regularly updates the Company's quality policy and objectives. The Quality Department, staffed with dedicated professionals including guality officers, engineers, and system specialists, serves as the central hub for implementing, monitoring, and constantly improving the quality management system. This department ensures compliance with quality standards at every production stage. Complementing this, the Company has established an integrated cross-departmental collaboration mechanism that unites R&D, procurement, production, sales, and after-sales services. This creates a closed-loop quality management system spanning the entire product lifecycle.

Yuwell Medical remains unwavering in its commitment to producing high-quality, highly reliable products. It complies with key regulations, including the Product Quality Law of the People's Republic of China, the Regulations for the Supervision and Administration of Medical Devices, and the Good Manufacturing Practice for Medical Devices. Drawing from internationally recognized quality management standards<sup>1</sup>, the Company has developed the Yuwell Medical Quality Manual, which establishes critical control elements for the quality management system, aimed at constantly enhancing product quality and safety. The Company has implemented a series of quality management procedures, including the Design and Development Control Procedure, Risk Management Control Procedure, Medical Device UDI Control Procedure, Non-conforming Product Control Procedure, and Production and Service Provision Control Procedure. These procedures form the foundation of high-standard quality management and risk management systems that encompass the entire product lifecycle. In 2024, Yuwell Medical revised six key procedural documents, including the Design and Development Control Procedure, and updated 375 inspection protocols. This extensive update ensures that all product manufacturing processes adhere to the latest operational standards, further elevating the overall quality of the Company's product offerings.

#### Strategy and Management Mechanisms

Yuwell Medical's core operational strategy revolves around a user-centric, full-chain collaborative management approach. This strategy takes customer needs as its foundation, integrating these requirements and high-quality standards throughout the entire business chain, from product design and R&D to procurement, production, sales, and after-sales service. The Company utilizes a comprehensive process mechanism supported by management systems, key performance indicators (KPIs), incentive policies, and team structures. Through this integrated framework, it drives rigorous guality and risk management across the entire product lifecycle, ensuring superior product quality while enabling prompt and flexible responses to customer needs. Customer feedback is effectively disseminated and actioned across all value chain links, thereby ensuring the delivery of high-quality products that meet customer expectations. This strategy not only enhances market competitiveness but also lays a solid foundation for the Company's long-term sustainable growth. Furthermore, Yuwell Medical has achieved efficient and precise control of the production process through intelligent manufacturing, whole-process data management, and automated testing, ensuring consistently high product quality standards.



Major Product Certifications<sup>2</sup>

Chinese Class II and III Medical Device Registration Certificates

167 Chinese Class I Medical Device Filing Certificates

EU Medical Device CE (Conformité Européene) Certification

U.S. FDA (Food and Drug Administration) Certification

EU MDR (Medical Device Regulation) Certification

KGMP (Korea Good Manufacturing Practice) Certification

Notes: 1. The Company adheres to a comprehensive set of national and international standards and regulations, including the GB/T 42061-2022, which is equivalent to ISO 13485:2016 Medical devices - Quality management systems - Requirements for regulatory purposes, the GB/T 19001-2016, which is equivalent to ISO 9001:2015 Quality management systems - Requirements, the GB/T 42062-2022, which is equivalent to ISO 14971:2019 Medical devices -Application of risk management to medical devices, the Good Manufacturing Practice for Medical Devices, the EU Medical Devices Directive (MDD), the EU In Vitro Diagnostic Medical Devices Directive (IVDD), the EU Medical Devices Regulation (MDR), the EU In Vitro Diagnostic Medical Devices Regulation (IVDR), the Brazilian Health Regulatory Agency Resolution No. 665 (RDC ANVISA 665/2022), the U.S. Code of Federal Regulations Title 21, Part 820 - Quality System Regulation, the Japanese Ministerial Ordinance No. 169 Ordinance on Standards for Manufacturing Control and Quality Control of Medical Devices and In Vitro Diagnostic Reagents (MHLW Ministerial Ordinance No. 169), the Australian Therapeutic Goods (Medical Devices) Regulations 2002, the Korea Good Manufacturing Practice (KGMP) Audit for Medical Devices, the Canadian Medical Devices Regulations (SOR/98-282), and the Medical Device Single Audit Program (MDSAP) Audit Approach (MDSAP AU P0002.008).

2. The medical device product registration and filing certificate data encompass Yuwell Medical's parent company, Suzhou Medical Appliance Factory, Suzhou Yuwell Medical Technology Co., Ltd., Primedic (Jiangsu) Medical Science and Technology Co., Ltd., Jiangsu Yuwell-POCT Biological Technology Co., Ltd., 66 Vision Tech Co., Ltd., Xizang Yuwell Medical Investment Co., Ltd., Shanghai Medical Instruments Group, and Chalice Solution PTE Ltd.

Yuwell Medical has obtained certifications for quality management systems including ISO 9001 Quality Management System, ISO 13485 Medical Devices Quality Management System, and the Medical Device Single Audit Program (MDSAP).

#### End-to-End Lifecycle Quality Management

#### R&D and Design

- The Company has implemented a comprehensive endto-end design workflow based on a cross-departmental IPD management process. This approach maximizes alignment with user needs, creating a closed loop from requirements to design usability. A team of user experts has been assembled to conduct in-depth research on user needs and pain point analysis. A closedloop experience research and usability verification mechanism is employed to monitor design quality. In the later stages of product development, real users are invited to conduct usability tests on functional and engineering prototypes in near-realistic scenarios. These test results significantly impact product certification and market launch, even holding veto power. Improvement requirements are proposed for identified issues, forming a closed loop for product design optimization and ensuring high design standards.
- PLM tools have been introduced to enhance collaboration efficiency between R&D and other functional departments, improving the reliability and predictability of R&D projects. Strict quality audits are executed at each key R&D milestone to ensure research quality at all project stages. The R&D Center regularly conducts internal training and exchanges covering medical device quality system standards, regulations, and testing requirements, integrating quality management concepts into every aspect of the R&D process.

 The Company implements centralized procurement and supply chain management based on customer needs and actual production requirements. A rigorous supplier selection mechanism and comprehensive quality control system have been established to ensure the quality and stability of raw material supply.

Procurement

- Regular audits and quality reviews of material suppliers are conducted, and advanced quality inspection equipment and technologies are introduced to ensure raw materials meet international quality and safety standards.
- A mid-warehouse inspection system has been established and improved to proactively manage supplier quality, reducing rework risks caused by substandard processes and effectively improving supplier delivery timeliness while ensuring quality.

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Production

 The Company implements strict quality control throughout the production process, with standard operating procedures (SOPs) formulated and executed. Multiple control points are established at different production stages, and regular equipment maintenance and calibration are performed to ensure all aspects of the production process meet predetermined quality standards. A batch management system is adopted to ensure transparency and traceability in the production process.

- The Company is advancing the construction of intelligent production workshops by continuously introducing advanced technologies and smart equipment to enable fully automated production of key products. This includes intelligent inspection equipment and real-time production data analysis, which constantly improves lean management levels, effectively reduces operational errors, and quickly identifies areas for improvement and optimization of quality control strategies, ensuring stability, efficiency, and high quality in the production process.
- The Yuwell Wuliubao mobile application enables full-process visualization and tracking of transportation, precisely controlling delivery quality and monitoring transportation progress in real time to ensure goods are delivered to customers in optimal condition and quantity.

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Sales

• The Company has achieved data integration from production to users, establishing a comprehensive cross-departmental collaborative mechanism for optimizing user experience. This includes multidepartmental user experience improvement meetings and serviceside collaborative external meetings. Feedback is extensively collected on various dimensions of user experience, comprehensively integrating and deeply analyzing service-side product issue data. Detailed product feedback analysis reports are generated monthly and guarterly, with multiple departments collaboratively developing practical improvement measures to enhance product quality and user experience from the source.

 Real-time monitoring of market customer complaints and regulatory sampling information is conducted. A post-warehouse re-inspection procedure for medical devices is implemented, involving sampling inspections and comprehensive performance tests on products to detect quality issues that may occur during transportation or handling. This effectively monitors product quality consistency and prevents substandard products from entering medical use, ensuring product safety.

#### Post-Market Quality Management

- The Company has established longterm monitoring plans to constantly track product performance and safety after market launch. Adverse events are proactively collected and reported, effectively controlling post-market risks of medical devices. The Quality Department evaluates customer feedback based on the principle of "report if suspicious", immediately reporting according to specified procedures once an event is suspected to be a medical device adverse event.
- Regular, in-depth reviews of highrisk and frequently occurring adverse events are conducted with the quality, R&D, production, and technical departments. Following effective analysis and evaluation, CAPAs are put in place to reduce the occurrence of adverse events each year, ensuring continuous safety and effectiveness of products.

In 2024, Yuwell Medical collaborated with the Zhenjiang Adverse Drug Reaction Monitoring Center in Jiangsu Province to conduct adverse event monitoring for key medical device products, specifically compressed air nebulizers. The Company was successfully selected as a medical device vigilance pilot unit and was awarded the title of Drug Regulatory Training Base by the Jiangsu Medical Products Administration.

#### **Quality Inspection**

Yuwell Medical has established a comprehensive and highly efficient laboratory system. The Product Safety Laboratory has been accredited by the China National Accreditation Service for Conformity Assessment (CNAS) and has obtained several prestigious international certifications, including ISO 17025 Laboratory Certification, CTF Laboratory Certification, and UL Witness Laboratory Certification. To keep its testing capabilities at an industry-leading level, the laboratory actively engages in training sessions, seminars, and interlaboratory comparisons hosted by domestic and international third-party organizations. By investing in these rigorous activities, the Company ensures strong assurance for the quality and safety of its products. In addition to daily checks, the Company's measuring instruments are routinely sent to authorized metrology institutions for verification and calibration.

The Company has implemented standardized procedures for incoming material inspection, in-process inspection, and finished product inspection. Each batch of products undergoes thorough internal testing in strict compliance with medical device product quality standards. This ensures rigorous quality control at every stage, from raw material reception to product dispatch, effectively preventing potential product safety and quality issues. Complementing internal testing, the Product Safety Laboratory conducts safety, electromagnetic compatibility, environmental, and noise tests as per standard requirements. For products with standard changes or new models, samples are submitted to third-party testing institutions. Mass production only begins after product safety and reliability have been thoroughly verified. In 2024, the Company achieved a 100% product inspection pass rate.

#### Product Safety Management

Yuwell Medical strictly adheres to regulatory requirements, including the *Good Manufacturing Practice for Medical Devices* and the *Regulation of Medical Devices Recall Administration*, and has established a comprehensive product recall system and mechanism. The Company has developed internal management procedures such as the *Domestic Recall Control Procedure* and *Foreign Medical Device Adverse Event Reporting and Recall Control Procedure*. To ensure the efficiency and scientific nature of product recall management, regular mock recalls are conducted. During the reporting period, Yuwell Medical maintained stringent control over product quality, resulting in a 0% product recall rate.

The Company complies with relevant national and local regulations, including the *Measures for the Management of the Monitoring and Reevaluation of Medical Device Adverse Events.* It has implemented the *Medical Device Adverse Event Monitoring Management System* and *Protocol for Active Reporting of Adverse Event* to actively collect and report adverse events. Customer feedback is evaluated based on the principle of "report if suspicious", promptly and effectively managing post-market risks of medical devices. Any event suspected to be a medical device adverse event is reported as such.

#### Company-wide Quality Culture Development

To implement its quality policy, Yuwell Medical promotes company-wide participation in quality management. Through the establishment of a diverse quality course training system, it comprehensively strengthens every employee's quality awareness and knowledge base. The Company develops and strictly implements annual quality training plans for all employees, covering various aspects including medical device quality system standards interpretation, regulations training, and specialized quality training. In 2024, key areas of the Company's quality training included medical device quality-related regulations and standards, inspection procedures, product knowledge and quality, UDI (Unique Device Identification) knowledge, and product labeling. This ensures that every employee masters the latest quality management practices and product knowledge. Product inspection pass rate



Product recall rate throughout the year

0%



#### FDA Regulations Training

In 2024, Yuwell Medical conducted comprehensive FDA regulations training across the entire organization. The training, which utilized various learning methods such as theoretical explanations and case analyses, focused on key topics including the *QSR820 Quality System Regulation* and the *21 CFR Part 11 Electronic Records*. It involved key departments such as R&D, production, and warehouse, as well as relevant personnel from branches and subsidiaries, with over 1,300 participants. This FDA regulations training is crucial for enhancing the Company's product quality and safety, fostering a compliance culture, and establishing a solid regulatory foundation for product exports to the U.S. market in 2025.

#### Supplier Quality Management

Yuwell Medical has established integrated management regulations, such as the *Supplier Management Control Procedure*, to ensure product quality and safety through closed-loop oversight. This system covers supplier audits, incoming material inspections, performance evaluations, and continuous improvement measures. The Company performs rigorous audits of potential suppliers' quality management systems prior to approval and obtains signed *Quality Agreements* from all suppliers. During new material introduction, it closely supervises the trial production phase to ensure materials meet strict quality benchmarks. Additionally, the Company collects and analyzes monthly incoming material and inspection data from suppliers, enhancing traceability and driving ongoing supplier performance improvements.

The Company has established a robust supplier audit procedure, developing and rigorously executing annual audit plans. These audits cover multiple critical areas, including quality management systems, product design and development, material sourcing, manufacturing process control, design change management, non-conformance management, improvement processes, after-sales service, and hazardous substance control. Led by the Quality Department, relevant teams conduct in-depth reviews and analyses of audit findings to drive issue resolution and re-verification. When significant gaps are identified, the Company provides targeted quality training, professional guidance, and technical support to help suppliers gradually build up their quality management capabilities.

In cases where quality issues are identified in a supplier's products, the Company issues a formal CAPA report in accordance with the *CAPA Procedure Document*. For suppliers demonstrating a willingness to improve, the Company conducts on-site visits and develops tailored improvement plans. These plans address specific needs, such as refining quality management systems, enhancing production process control, and optimizing documentation and procedures. For suppliers experiencing frequent or significant quality issues, dedicated supplier quality engineers are assigned to develop and closely monitor specialized quality improvement plans, ensuring effective resolution within specified timeframes. During the reporting period, the Company conducted on-site quality audits of 65 suppliers, with no major quality issues identified.



#### Impact, Risk, and Opportunity Management

Yuwell Medical fully recognizes the critical importance of implementing effective quality risk management to safeguard the safety and efficacy of medical devices. The Company's comprehensive risk assessment process systematically identifies a wide range of potential risks, including design and R&D risks (e.g., design flaws, technological obsolescence, and new technology application challenges), raw material and supplier risks, production and process risks (e.g., unstable production processes and human errors), and regulatory compliance risks. These risks are integrated into a holistic risk management framework. By adhering to quality management standards such as ISO 14971 and ISO 13485, the Company keeps up with the latest regulatory requirements and technological developments. It has developed a comprehensive quality risk management system that proactively detects and mitigates potential quality risks across the entire product lifecycle. Additionally, the Company fosters a robust quality culture to ensure efficient cross-departmental collaboration. To address varying levels of quality risks, a tiered system of documentation has been established, ensuring that each risk category is appropriately managed within defined timelines.

To guarantee the efficacy of its guality system. Yuwell Medical conducts regular internal and external audits across all business lines. The Company performs annual internal audits of its quality management system, conducting thorough reviews of all products to ensure compliance with applicable laws, regulations, and accreditation standards. Each year, it actively engages third-party organizations and subjects itself to audits by domestic and international regulatory bodies and partners. Through such initiatives, the Company constantly strengthens the integrity and effectiveness of its quality management system. In 2024, Yuwell Medical's quality management system operated at exceptionally high standards, undergoing a total of 48 quality management system audits from government regulatory agencies and external auditing bodies. These comprehensive audits included one unannounced inspection, one audit by the drug administration department, two supervisory audits by the drug administration department, 13 customer audits, 20 on-site product registration assessments, and 11 registration system certification audits. Notably, all audit results showed no serious deficiencies, achieving a 100% pass rate. Furthermore, the Company conducted 78 internal quality audits covering the entire product lifecycle, promptly implementing improvements to optimize production quality control processes.

The Company regularly reviews and refines its quality management system. In the event of production non-conformities, it promptly initiates corrective and preventive actions (CAPA) and undertakes in-depth root cause analysis (RCA) to identify and resolve underlying issues. By doing so, the Company sustains stable and reliable product manufacturing processes and procedures. Moreover, it has strengthened emergency event management protocols to effectively address potential production disruptions and ensure uninterrupted business operations.

#### Indicators and Targets

Indicator and Target	2024 Achievement Status
First-pass yield ≥ 99.00%	Target achieved First-pass yield: 99.72%
100% pass rate for product sampling inspections	Target achieved
100% coverage rate of quality-related personnel training	<b>Target achieved</b> Quality training sessions conducted throughout the year: 89, recording 4,013 attendances. Accumulated duration of quality training: 195 hours, achieving 100% coverage of quality-related personnel.
Zero major quality incidents	Target achieved

### **Digital and Intelligent Transformation**

Yuwell Medical is accelerating the implementation of a comprehensive, forward-looking digital strategy. With a focus on two key dimensions, Digital Yuwell and Digital Healthcare, the Company has effectively integrated the front and back ends of production lines and established full-chain digital capabilities from product R&D and manufacturing to end-user services. By adopting a usercentric perspective, the Company identifies fundamental product requirements, designs for the entire product lifecycle, and delivers more competitive products and services.

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	Digital
Digital Supply Digital Digital Chain Production Operations	Digital Marketing
IT (Business Digitalization)	DT (Digital

- Intelligent IoT devices cover over 80% of operations
- Intelligent scheduling increases production efficiency by 20%
- Intelligent sales forecasting reduces stockouts by 30%

Yuwell Medical has established smart factories that integrate APS (Advanced Planning and Scheduling), ERP (Enterprise Resource Planning), PLM (Product Lifecycle Management), MES (Manufacturing Execution System), and WMS (Warehouse Management System). This creates an intelligent manufacturing ecosystem centered on data with deep interaction across multiple platforms and systems. The result is smart, flexible production lines capable of automated production, automatic data collection, and automated fault detection and intervention. The Company employs cutting-edge technologies, including machine vision for welding calibration, dynamic inspection, multi-sensor filling inspection, and intelligent logistics, to complete the hardware construction and digital upgrade of flexible production lines and stereoscopic warehouses. Leveraging sensors, PLCs (Programmable Logic Controllers), SCADA (Supervisory Control and Data Acquisition), and other technologies, the Company enables seamless data interaction between physical and virtual workshops. This has led to the construction of six types of flexible production lines for products such as blood pressure monitors and oxygen concentrators, as well as AGV (Automated Guided Vehicle) logistics systems to support small-batch production of multiple product varieties. Through deep integration with MES. the Company achieves manufacturing digitalization and visualization, ensuring full-chain quality traceability. This data-driven approach constantly enhances lean management practices, resulting in more competitive product delivery and superior product quality.

Jiangsu Likang Pharmaceutical Technology Co., Ltd. was recognized as a Smart Manufacturing **Demonstration Workshop in Jiangsu Province** 



• Intelligent customer service improves user satisfaction by 20%

Yuwell Medical's parent company was selected as a case study for leaders in digital transformation in China's light industry



#### Automated Assembly Line for **Electronic Blood Pressure Monitors**

An automated production model has been implemented, led by the main assembly line with centralized, efficient production on sub-assembly lines. Multiple technological innovations help achieve a breakthrough from scratch in the automation of electronic blood pressure monitor production.

#### Automated Assembly Line for Nebulizers

Various robotic technologies have been utilized. supplemented by CCD vision-guided intelligent assembly, to create a flexible, automated production line with multiple workstations and human-machine collaboration.

#### **Professional Services**

Yuwell Medical upholds a customer-centric approach, prioritizing customer needs to establish a comprehensive service ecosystem encompassing pre-sale consultations, insale support, and after-sale guarantees. This system enables rapid response and efficient resolution of customer inquiries. By constantly refining service offerings and models, the Company elevates the customer experience and satisfaction throughout the entire product lifecycle.

#### **Proactive Service**

Multi-Channel

Approach

The Company has established the Yuwell Medical Service Process and Standards, creating an omni-channel customer service system with multi-channel front-end access, midend collaboration platform, and back-end support platform. A product insight and operational analysis platform has been developed to achieve close connections between brands, users, and products. Through data analysis, the Company constructs 360-degree product profiles to provide intelligent, rapid, and highquality proactive services. Additionally, it places great emphasis on constantly optimizing service strategies and quality to deliver an exceptional service experience to customers.

#### Automated Assembly Line for **Blood Glucose Meters**

A fully automated production line for blood glucose meters has been developed through flexible feeding and automatic assembly of irregular materials, CCD (Charge-Coupled Device) automatic detection, and extensive use of robotic operations.

#### Intelligent Stereoscopic Warehouses

These warehouses employ a digital, smart storage and logistics system, achieving interconnectivity of data across human flow, material flow, vehicle flow, information flow, engineering flow, and product flow.

Ranked among the Top 100 Chinese Service Brands in 2024 Won the 2024 Smart Star Award - Yuwell JD Selfoperated Flagship Store

Achieved the 2024 Annual

**Champion in Consultation** 

Services - Yuwell JD Self-

operated Flagship Store

Received the 2024 Annual Innovative Service Driver Award



Passed the GB/T 27922-2011 Five-Star After-sales Service Capability Certification

• The Company provides customers with diverse communication methods, including telephone, text, and video interactions, through various channels such as 400 hotline, WeChat official account, mobile application, enterprise WeChat, and e-commerce platform stores. This approach enables real-time engagement with clients.

• Through the ongoing expansion of its after-sales service network, the Company has established over 400 service terminals covering provincial capitals and key cities, ensuring localized support for customers.

- detect and promptly address any anomalies in customer feedback.
- services accordingly.
- enhance service quality.
- incorporated into the knowledge base.
- methods are constantly refined to ensure service professionalism.

#### User Care

Ouality

Management

Closed-Loop

Management

Professional

Training

To meet the increasingly personalized service needs of different users and enhance brand satisfaction and loyalty, Yuwell Medical provides a range of caring services beyond standard product support.

- applet to provide more personalized and attentive services.

 $\bigcirc$ 

**Proactive Care** 

Personalized

Services

- demographic groups.

• By leveraging advanced data analysis platforms, the Company conducts real-time monitoring of all service channels, including customer service hotlines and online chats. This allows us to instantly

• The Company meticulously monitors and evaluates the implementation and effectiveness of improvement measures, comparing key data indicators to verify their efficacy and adjust existing

• An automated quality scoring system has been implemented to assess each customer service interaction, using data-driven insights to precisely identify areas for improvement and constantly

• The Company has implemented a standardized real-time risk reporting process for issues affecting service quality. These issues are immediately documented and addressed using project management tools to track resolution progress. Once thoroughly resolved, solutions are

• Through regular weekly meetings, monthly service quality reviews, and quarterly strategic planning sessions, the Company promptly addresses issues and adjusts its service strategies based on market dynamics to deliver an exceptional service experience to customers.

• The Company has developed a comprehensive training system that accurately identifies specific training needs through in-depth research. This system incorporates external professional medical resources and covers various aspects, including technical skills, soft skills, and tool proficiency. Training effectiveness is evaluated through participant feedback, and course content and delivery

• We offer online guidance and one-on-one video instructions for proper product use (applicable to certain products) and advise users on correct product maintenance to extend the product lifespan.

• For special groups such as elderly individuals living alone, persons with disabilities, and economically disadvantaged users, we provide door-to-door services, waive shipping and repair fees, offer complimentary accessories, and provide loaner devices to accommodate diverse user needs.

• We are integrating more advanced technologies (e.g., AI customer service and intelligent recommendation systems), establishing a membership ecosystem, and upgrading our membership

• We conduct regular follow-ups to monitor users' health conditions.

• We offer online and offline user education and training, including recorded courses, visual instruction tutorials, knowledge cards, and short videos to address the health needs of various

#### **Complaint Response**

Yuwell Medical has developed the Yuwell Medical Complaint Management Regulation and consistently refines its user service system and multiple communication channels. The Company has improved its processes for responding to, handling, tracking, and supervising customer feedback, ensuring that all issues are addressed in a timely and efficient manner. Based on feedback insights, CAPAs are formulated and implemented as necessary. In addition, the Company has integrated AI robots across all channels to provide real-time, highquality responses, with human-machine collaboration swiftly addressing customer issues.

Yuwell Medical has adopted granular management of its customer support ecosystem, clearly defining the roles of Al-powered assistants and human agents. This strategic division of labor enables AI to efficiently handle routine inquiries, while human experts focus on complex problem-solving, personalized services, and emotional support. Consequently, the Company has achieved a higher first-contact resolution rate and elevated customer satisfaction. To streamline operations, the Company has deployed RPA-powered digital assistants and an iterative automated work order platform. These technologies reduce manual response times, optimize e-commerce workflows, and significantly enhance the shopping experience. By integrating online support with core business processes, the Company ensures rapid issue resolution and real-time updates on after-sales status. Collaborating closely with platform partners, we address customer pain points and propose tailored improvement solutions, aiming to elevate overall platform service quality. We have also simplified after-sales scenarios and established dedicated processes, boosting the efficiency and quality of post-purchase support. Additionally, we proactively interpret new platform regulations, organize internal training, and strengthen frontline capabilities to sustain service excellence.

#### Yuwell Medical's Complaint Handling Process

Reception	Recording	Initial Assessment
Complaints are received through customer service platforms, marketing personnel at after-sales outlets, government regulatory departments, and public channels.	User feedback information is meticulously collected and documented.	Complaints undergo preliminary assessment, and initial information is provided to users.
Feedback	Correction of Deviations	Investigation and Evaluation
Investigation results and resolution strategies are communicated back to users.	Deviation investigations are initiated, and CAPAs are implemented.	Relevant departments are mobilized to investigate and assess risks, identifying root causes and existing issues.

#### **Customer Satisfaction Management**

Yuwell Medical consistently prioritizes listening to customer feedback. Through ongoing customer satisfaction surveys, it gathers authentic voices and evaluations from clients, comprehensively capturing their feedback and suggestions to constantly enhance product and service quality. In 2024, the Company implemented multiple improvement measures in response to shortcomings identified in satisfaction surveys. These included revising five service quality control specification details and conducting seven professional training sessions to strengthen customer service representatives' understanding of quality control requirements and service boundaries.

B2B customer satisfaction rate

97.2%

#### **Responsible Marketing**

Yuwell Medical strictly adheres to the Advertising Law of the People's Republic of China and other relevant laws and regulations in its marketing and promotional activities. The Company has established responsible marketing-related systems, such as the Frontend Marketing Service Standards and Specifications. These systems translate responsibility requirements and business insights into departmental norms, operational standards, and management guidelines. The Company has clearly defined mechanisms for delivering product information and promotional content, ensuring that marketing teams adhere to ethical principles and operational standards in sales and promotions, and promote products in an ethical, evidence-based, and objective manner. Moreover, the Company employs Aldriven tools like knowledge bases and chatbot language databases to address all business scenarios, enhancing the comprehensiveness, effectiveness, and timeliness of information dissemination. This ensures efficient and accurate communication across all marketing touchpoints. The aforementioned tools are regularly updated and upgraded, alongside intensive training for marketing personnel to guarantee that consumers receive authentic and reliable information. Additionally, the Company has established internal audit processes and supervisory confirmation mechanisms based on files such as the Document Standardization Guidelines to ensure that all externally published marketing materials undergo rigorous review and comply with legal regulations and internal standards.





### Access to Quality Healthcare

#### **Product Accessibility**

# innovation and enhancing the health of millions of families". Through a series of initiatives such as intensifying public health education and regional market promotion, accelerating the design of high-quality inclusive products and the development of intelligent and user-friendly products, and enhancing product affordability, the Company aims to make quality healthcare more accessible.

Yuwell Medical adheres to the principle of "leading industry development through

#### **Expanding Product Reach**

In terms of global business layout, Yuwell Medical has established multiple R&D centers and production bases in Germany, Italy, Shanghai, Shenzhen, Nanjing, Suzhou, Danyang, Xizang, and other locations. It has also set up branches, subsidiaries, and offices in Thailand, Germany, the United States, and other countries. Through diversified business deployment and continuous international expansion, the Company effectively serves global healthcare needs. As of the end of the reporting period, Yuwell products cover more than 100 countries and regions worldwide.

## Case Yuwell Medical Signs Strategic Cooperation Memorandum with Vietnam's FPT Group

In December 2024, Yuwell Medical signed a strategic cooperation memorandum with Vietnam's FPT Group in Ho Chi Minh City to jointly promote the development of continuous glucose monitoring (CGM) technology in the ASEAN market. FPT Group is a leading technology enterprise in Vietnam. In the future, both parties will collaborate comprehensively on CGM technology, including technological upgrades, brand promotion, business model innovation, and international market expansion, to provide quality medical services to the ASEAN market and bring more advanced medical technology to patients in the ASEAN region.



#### Human-Centric and Inclusive Design

Yuwell Medical emphasizes product usability and comfort, implementing human-centric and inclusive design with a focus on users, particularly addressing the needs of elderly users, special needs groups, and family health management convenience to ensure products are simple to use and accessible. Moreover, the Company invests dedicated funds to strengthen core capabilities and accelerate the R&D of digital and intelligent products, launching smart and user-friendly products that lower usage barriers. The aim is to realize its vision of enhancing the health of millions of families with higher quality, more cost-effective, and sustainable products.



- Multi-group usage: The Yuwell Nebulizer 405M supports three-level flow adjustment, catering to users of different age groups.
- Lightweight design and comfort: The Yuwell Armtype Blood Pressure Monitor YE630CR features a minimalist all-in-one design, supporting onehanded operation and mobile application recording, making it suitable for family use.

#### َ {لاً Supporting Older Adults

- Large screen and voice assistance: The Yuwell Armtype Blood Pressure Monitor YE630AR features a backlit large screen for clear display of blood pressure and pulse data under any lighting conditions, along with full voice broadcast functionality, allowing elderly users to easily complete measurements.
- Portable design: The Yuwell Oxygen Concentrator 9F-5ZW adopts a suitcase-like design with wheels at the bottom, making it easy for elderly users to move around at home.
- Remote monitoring: The Yuwell Anytime CT3 Blood Glucose Meter supports data sharing with family members, allowing relatives to monitor the elderly's blood glucose levels in real time through a mobile application, enhancing the convenience of health management.



- The Yuwell All-in-One Smart Fetal Monitor employs digital filtering and noise reduction technology, with its ultrasound output power strictly controlled at extremely low levels according to industry standards, reducing potential impact on the fetus.
- Yuwell Medical incorporates voice broadcast and backlight design in some products to meet the needs of visually impaired users.
- The Yuwell Primedic AED (Automated External Defibrillator) features voice and animation-guided first aid functions, as well as an integrated CPR (Cardiopulmonary Resuscitation) and electrode pad design, which significantly improves the success rate of emergency response and enables quick action within the "Golden 4 Minutes".

The Home Multiple Vital Signs Monitor and 405M Nebulizer have been awarded the **IF Design Award**.

Several Yuwell products have received the **Red Dot Design Award**, including the Home Multiple Vital Signs Monitor, YE990 Tunnel-Type Blood Pressure Monitor, Anytime CT3 CGM System, Primedic M600 AED, 630CR Arm-Type Blood Pressure Monitor, and Hospital Multiple Vital Signs Monitor.



#### Enhancing Product Affordability

Yuwell Medical adheres to the World Health Organization's guidelines for fair pricing by implementing a value-based, transparent product pricing strategy. The Company is actively exploring more sustainable pricing models that maintain product quality while prioritizing affordability, especially in underdeveloped regions. Through diverse market research, it aims to develop pricing models that ensure proper policy implementation, price transparency, and product accessibility. The goal is to make innovative products available to a broader population in less-developed areas.

#### Caring for Major and Rare Diseases

Yuwell Medical is dedicated to addressing the treatment needs of both major diseases and rare disorders. The Company constantly deepens its expertise in chronic conditions such as diabetes, respiratory care, and emergency medicine. Its ongoing efforts result in the introduction of products and wearable devices that offer broader applicability, enhanced intelligence, and improved precision. These innovations provide comprehensive health management solutions for healthcare professionals and patients alike. Furthermore, the Company regularly conducts professional training on medical equipment usage and has established reward funds to support academic research by primary care physicians, thereby enhancing primary healthcare service capabilities.

Yuwell's groundbreaking atrial fibrillation blood pressure monitor, the S67XR, seamlessly integrates blood pressure measurement with atrial fibrillation monitoring. Utilizing cutting-edge algorithms and sensor technology, it accurately detects abnormal heartbeat signals, enabling users to promptly identify and address the potential health risk of atrial fibrillation.



#### "Thanks to Yuwell Medical's Spirit-3, I'm thrilled to be back at my newsstand, chatting with people once again."

An 80-year-old retired nurse in Bulgaria has long operated a local newsstand, extending her passion for serving others from her healthcare career to daily life. As age-related health challenges made it difficult for her to maintain her routine work, she consulted her doctor and, following medical advice, chose Yuwell Medical's Spirit-3 portable oxygen concentrator. The product's lightweight, portable, and user-friendly features perfectly aligned with her needs. With six hours of continuous oxygen supply daily, she has been able to return to her beloved newsstand, once again greeting each familiar customer with her warm, welcoming smile.

#### **Smart Healthcare**

Yuwell Medical consistently pushes the boundaries of smart healthcare, seamlessly integrating traditional medical products and services with cutting-edge information technology. The Company is developing an open empowerment platform to create comprehensive health data records for individuals and families. This platform enables partners to cultivate a digital medical service ecosystem, striving to provide innovative, high-quality, and accessible medical services to an ever-growing population.



#### **Digital Health Services**

Yuwell Medical has established an IoMT (Internet of Medical Things) management platform for medical devices, constantly refining multi-product digital solutions to provide comprehensive, convenient, and efficient health management solutions. The Company has created an innovative integrated health management platform for medical devices, advancing digital health services comprehensively in three stages: front-end, mid-end, and back-end. By persistently expanding the range of digital medical device products, broadening the scope of digital health services, and forming a complete digital closed loop, the Company creates smarter, more convenient, and highly efficient health management solutions.



500,000 unit

् जि भूम् Front-end

• The Company actively engages with mainstream e-commerce platforms online and interacts directly with users through social media, applets, and other digital tools. Offline, it collaborates with pharmacies, medical institutions, and other channels to provide easily accessible products and services. Through this multi-channel approach, both online and offline, we precisely target users and deliver personalized health management solutions.



Mid-end

• The Company has developed an integrated health management platform for medical devices based on IoT, big data, and cloud computing technologies. Through the deployment of smart hardware, we achieve data collection, analysis, and the formulation and implementation of personalized solutions. In 2024, the platform was expanded to include new products such as 4G blood glucose meters, nebulizers, AEDs, and third-generation respirators.

 The Company promotes synergy across multiple channels, including the family health cloud platform, the Yuwell Health Manager mobile application, and the WeChat official account. Users can monitor and track their health indicators in real time via mobile devices, access personalized health intervention plans and visualized medical reports, and interact with medical professionals through telemedicine consultation features, facilitating personalized health management.



• The Company has established intelligent manufacturing bases that integrate R&D, design, production, management, and sales processes. This approach achieves full-process intelligent management, ensuring superior product quality and rapid service response times.

#### Remote Chronic Disease Management

Remote chronic disease management services represent a key strategic initiative for Yuwell Medical in the "Internet + healthcare" domain. This approach aims to deliver comprehensive home health management solutions for patients with chronic conditions through digital technology, intelligent hardware, and big data analysis. The ultimate goal is to enhance users' ability to manage their own and their family members' health status while improving the efficiency of medical services.

The Company has developed a remote chronic disease management platform centered on Smart Yuwell. This platform synchronizes chronic disease data between devices and the cloud through multiple channels, including a family health cloud platform, mobile applications, and the WeChat official account. Users can monitor and manage their health data in real-time via smartphones and interact remotely with physicians. The service also incorporates intelligent hardware devices such as smart glucose meters, electronic blood pressure monitors, and respirators, facilitating immediate access and analysis for both doctors and patients. This enables prompt identification of potential issues and the provision of customized health management plans. Yuwell Medical's remote chronic disease management service not only enhances patient experience but also improves the efficiency and accuracy of medical services through intelligent and digital technologies, contributing to the implementation of the Healthy China strategy. In 2024, the Yuwell Health Manager platform adopted advanced AI algorithms and big data analysis techniques to further enhance health data processing capabilities, construct precise personal health profiles, and provide personalized health management strategies for users. The platform also optimized service processes, offering remote medical follow-up functions to achieve early intervention and continuous management of chronic diseases, effectively improving disease prevention and control outcomes.

#### Blood Glucose Segment

A new version of the Anytime mobile application has been launched, attracting over 60,000 new registered users. A smart management system has been established and implemented in 54 hospitals, supporting integrated cross-product in-hospital operations.

#### Smart Healthcare Ecosystem

Yuwell Medical is committed to building a massive health ecosystem by integrating home healthcare, clinical medical care, and Internet healthcare resources. This approach aims to create a digital medical service ecosystem that empowers partners across multiple scenarios, providing users with comprehensive health management services from prevention to rehabilitation.

To construct a robust smart healthcare ecosystem, Yuwell Medical constantly prioritizes the security, regulatory compliance, stability, and consistency of digital medical product data. The Company strictly adheres to relevant laws and regulations, including the Personal Information Protection Law of the People's Republic of China. It actively participates in the formulation of industry standards for medical data security and promotes the standardization, securitization, and efficient utilization of medical data. For detailed information, please refer to the "Information Security and Privacy Protection" section of this report.

#### Extending Out-of-Hospital Medical Ecosystem to Form a Service Loop

By aggregating data from home medical devices, we establish personal health records for users, connecting with large public hospitals, community hospitals, and Internet hospitals. This enables remote diagnosis, health monitoring, and remote intervention for chronic disease patients. The combination of data and internet healthcare allows hospitals to treat diseases more efficiently and at lower costs, while enabling patients to achieve long-term home health intervention and chronic disease management.

### • Empowering Pharmacies

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Empowering

Hospitals

#### Serving the New "Medical-Pharmaceutical-Service" Loop

Through an open data platform, we collaborate with OTC pharmacies to build personal/family health records, integrating patients' medication and device usage to provide periodic, targeted, customized services. This forms a "medication + health service + wellness service" combination model, enhancing pharmacy service capabilities.



#### Empowering General Healthcare Institutions

# residents in their covered areas.

#### **Respirator Segment**

User-end applets and an intelligent respiratory cockpit have been introduced to enhance user experience and management decision-making efficiency, achieving software compatibility across all product categories in hospital scenarios.

#### Serving Health Intervention and Management

Through an open data platform, we assist community hospitals in establishing personal/family health records for users and achieve data interconnectivity with relevant tiered diagnosis and treatment hospitals. This promotes a closed loop for community hospitals to intervene and manage chronic disease

# **People-Centered Approach**

## Safeguarding Lives and Empowering People

Average training hours per employee during the year

35.28

Proportion of female employees in middle and senior management

31.25%

Total charitable contributions

RMB 1.47 million





### **Human Capital Development**

#### Governance

Yuwell Medical prioritizes human capital as the primary driver of sustainable corporate development. The Company consistently enhances its human resource management system to ensure alignment with overall strategic objectives and efficient execution. The Board of Directors has established a Remuneration and Evaluation Committee, chaired by an independent director. This committee is tasked with formulating assessment standards and compensation policies for directors and managers to motivate and retain key talent. The Company has established a Human Resources Center responsible for developing and implementing HR strategies, organizational structure, key talent management, and compensation and benefits. This center collaborates closely with various business departments to ensure company-wide implementation of HR policies. Branches and subsidiaries have established their own HR departments to align organizational talent with business plans and constantly enhance organizational capabilities and human capital value.

Yuwell Medical has developed and constantly refined a comprehensive series of HR management systems. These include basic HR management policies and specialized policies for organizational management, talent management, professional training and promotion, performance management, and compensation and benefits. These systems help align workforce planning with strategic and business objectives, build strategic talent pools, and proactively develop employees' professional capabilities. By doing so, each employee can leverage their strengths to deliver value, fostering mutual growth between employees and the Company.

### Strategy and Management Mechanisms

Yuwell Medical implements a consumer-oriented, digitalized, and youth-focused talent development strategy. The Company adheres to an open and fair process for identifying and selecting talent, promoting a development approach that combines internal cultivation and external recruitment. It formulates scientific and reasonable talent management models aligned with strategic goals, offering competitive compensation and benefits, professional training, and promotion opportunities to achieve high-quality development through a high-caliber talent pool.

Since 2020, the Company has conducted annual organizational climate surveys, comprehensively gauging employees' genuine feedback and concerns across six dimensions: basic needs, supervisory support, authority and processes, team collaboration, cultural identity, and learning and development. In 2024, the satisfaction survey questionnaire achieved a response rate of 88.5%, with an employee satisfaction rate of 81.9%. Through years of internal feedback and improvement of management practices at various levels, the Company has gradually enhanced employee experience, promoting mutual growth of the organization and its workforce.



The parent company of Yuwell Medical has received the following awards: Outstanding Human Resource Management Award - Employer of Excellence Employer of Choice of the Year Award

Excellence in Talent Acquisition and Development Award

#### **Talent Recruitment and Retention**

The Company conducts regular organizational and talent assessments aligned with its strategic and business planning, and formulates midto long-term human resources plans to proactively plan for talent deployment. It utilizes diverse channels to attract a wide range of talent. External talent acquisition channels include internship programs, campus recruitment, and social recruitment, collaborating with renowned job websites, regional platforms, and overseas recruitment agencies to enhance recruitment efficiency and meet the Company's strategic and talent needs for rapid development. Internally, the Company advances strategic talent reserve initiatives through mechanisms such as employee referrals, internal job postings, and the rehiring of former employees. It adheres to the principles of comprehensive evaluation, fairness and impartiality, and excellence in both moral integrity and professional competence throughout its recruitment practices. With these efforts, the Company is committed to building a professional, international, and high-performing talent team.



As a strategic talent pool for the Company's future management trainees, campus recruitment was steadily advanced in 2024 through well-organized programs targeting fresh graduates and interns. The Company proactively engaged with over 40 universities, including Nanjing University, Southeast University, and China Pharmaceutical University, conducting both online and offline campus recruitment to lay the foundation for its talent pipeline. In 2024, the Company recruited over 130 fresh graduates and 200 interns, with 52 individuals entering the 2024 management trainee development program.



The Company actively engages in industry-academia-research collaborations with universities and research institutes, establishing student internship bases and technology research institutes with Shanghai Jiao Tong University, Beijing Institute of Technology, Southeast University, Nanjing University of Posts and Telecommunications, and Jiangsu University. These collaborations focus on talent cultivation, technological innovation, and industrial upgrading, embracing cutting-edge advancements through talent exchange.



Talent Recruitment

Regional Channels

Yuwell Medical's global manufacturing base is located in the Danyang region. The Company actively strengthens local employer brand building, swiftly and accurately meeting its recruitment needs for general workers through regional talent networks and grassroots outreach programs, ensuring localized and efficient human resource allocation and supplementation.



Channels

localized and efficient numan resource all

The Company implements employee referral, internal job competition, and employee rehiring mechanisms, encouraging internal staff to recommend talented individuals and providing opportunities for employees to showcase their abilities. This approach allows more morally and professionally excellent employees to stand out, constantly fostering outstanding talent within the organization capable of fulfilling diverse roles.

In line with business expansion, the Company actively cultivates a positive employer brand, focusing on attracting R&D and overseas sales professionals with extensive medical backgrounds in specialized sectors. It strengthens partnerships with external professional recruitment agencies to attract top industry talent, leveraging talent suppliers, internet recruitment platforms (Liepin, 51job, LinkedIn, etc.), and social media (Maimai, Xiaohongshu, etc.) to enhance its employer brand influence.



#### Gender distribution (persons)



Organizational hierarchy (persons)

135 313

## Female employees

Male employees

Senior management

Middle management

Frontline employees

## 401 1,810 4.135

#### Educational background (persons)

Age distribution (persons)



Employees with bachelor's degrees or above Employees with associate degrees

Employees aged

and above

30 and under

Employees aged 31-50

Employees aged 51

Total courses launched on the Yuwell Academy Learning and Development Management Platform

1,499

Cumulative learning hours

116,752.4

Total course views

159,318

#### Geographical distribution (persons)

5.898





Employees with degrees

below associate level

#### **Employee Training**

#### **Employee Training System**

Yuwell Medical has established the Yuwell Learning and Development Center based on its consumer-oriented, digitalized, and youth-focused talent development strategy. The Company has implemented learning maps and formulated a series of policies, including the High-Potential Talent Development Management Measures, to constantly enhance its talent pool's competitiveness. Through close collaboration with various business units and leveraging online learning platforms, it has developed comprehensive systems for professional, managerial, and new employee (both social recruits and management trainees) development that align with future strategic needs. These systems leverage comprehensive training and hands-on learning approaches, combined with diverse learning modalities, to build employees' professional and leadership capabilities. To drive business growth and build a competitive talent pool, the Company annually launches targeted talent development programs for critical functions like management, R&D, and sales. These initiatives focus on skills essential for the next 3-5 years, with a specific emphasis on cultivating and promoting young talent. The Company regularly collaborates with HR and business units to evaluate program effectiveness for participating leaders and employees, while recognizing high performers to boost visibility and engagement. Through regular interviews, partnerships with leading industry consultants, cross-industry benchmarking visits, and other diverse methods, it effectively identifies and nurtures talent while constantly refining the training system based on feedback from training programs and practices. Additionally, the Company conducts ongoing evaluations of middle to senior managers, young leaders, and key professionals in development programs. It also supports newly hired middle to senior staff from other industries in adjusting to Yuwell's work environment, thereby fostering a learning organization.

Yuwell Medical identifies critical organizational competencies based on business planning and develops talent to meet future business needs. Over the past three years, the Company has developed a comprehensive internal curriculum framework and instructor resource pool, focusing on critical areas like management, R&D, sales competency, and lean manufacturing. Complementing this core system is a structured practical training program that blends external courses and expert instructors. Through its internal instructor team, the Company translates valuable business and management experiences into replicable organizational practices, helping to solidify and scale core competencies. Additionally, the Company invites external industry experts for specialized seminars and organizes benchmarking visits to peer enterprises, enabling the acquisition of cutting-edge insights and management methodologies. Furthermore, the Company has forged partnerships with universities and research institutions to attract and nurture high-caliber talent, thus enhancing its employer brand strength and research capabilities.

#### **Talent Development Projects**

Yuwell Medical designs distinctive talent cultivation projects with a product-oriented approach, adhering to the principle of integrating training with practical work. The Company has established four major development plans based on management levels: Embarking, Setting Sail, Sustaining Progress, and Leadership Pioneering. These plans comprehensively cover new employees/management trainees, junior leaders, high-potential talent, and middle to senior managers. Through tailored training activities, the Company aims to enhance and constantly upgrade employees' job competencies.

Total investment in employee training

3.20 million

Total training hours

223,874

Average training hours per employee during the year

35.28

Gender-based distribution (hours)



Total training attendances

35,762

Employee training coverage rate

100%

#### Hierarchy-based distribution (hours)



Average training hours per senior manager Average training hours per middle manager Average training hours per frontline employee

#### New Employee Training

Yuwell Medical prioritizes the integration and development of new employees. Through the online New Employee Learning Program and in-person centralized training, the Company ensures that new hires quickly acquire essential corporate knowledge, understand business processes and products, assimilate the corporate culture, and adapt swiftly to their work environment. In 2024, the Company conducted over 60 new employee training sessions, reaching 2,129 new hires.

#### Leadership Development

Yuwell Medical consistently invests in the planning and development of management talent, with a strong emphasis on internal promotion and leadership cultivation. In alignment with its latest global expansion strategy, the Company has partnered with a worldrenowned leadership consulting firm to introduce the Yuwell Leadership Standards for the first time. Comprehensive management training programs are implemented through talent assessments, practical leadership development initiatives, and integration programs for externally recruited executives. These programs include management course development, hands-on training, and international study tours. The Company also partners with educational institutions to craft bespoke executive development programs, offering specialized courses from renowned schools like CEIBS, Nanjing University Business School, Shanghai Jiao Tong University, and the Wharton School at the University of Pennsylvania. These initiatives provide leadership development opportunities for managers at all levels and high-potential talent pools, enhancing their holistic perspective, leadership skills, and strategic vision.





Case Yuwell Star Program

The Yuwell Star Program is Yuwell's flagship management trainee initiative, serving as a cornerstone for attracting innovative talent and building a strong pipeline of future leaders. The program features a multifaceted approach to development, including preemployment online courses, an immersive induction bootcamp, a dual mentorship system (pairing business and BP mentors), and an accelerated career development camp. Leveraging an OMO (Online-Merge-Offline) training model, the program facilitates rapid growth and smooth career transitions for management trainees. By the end of 2024, Yuwell Medical had successfully nurtured 426 management trainees, with over 20 advancing to middle and senior management positions.

Middle Managers

Senior Managers

Yuwell Medical's Junior Manager Training Camp is designed to facilitate the transition of core personnel into junior management roles. To date, two sessions have been conducted, benefiting over 100 outstanding junior leaders across the Group.

The 2024 Yuwell High-Potential Talent Training Camp focuses on supporting the Company's internationalization strategy. It addresses critical areas such as cross-cultural leadership and advanced management skills, aiming to enhance the global perspective and comprehensive leadership capabilities of core managers and high-potential employees.

#### **Professional Capability Enhancement**

For key roles in R&D, production, and marketing, Yuwell Medical has developed comprehensive job learning maps and specialized training programs to bolster core competencies and foster team collaboration. The Company has established well-defined competency standards and learning trajectories for R&D roles, enabling researchers to hone their technical expertise and sharpen their professional capabilities. Production employees in critical roles undergo a series of specialized training courses, engaging in cutting-edge topics such as medical equipment intelligence, big data analysis, overseas registration regulations, FDA and CE certification, and interdisciplinary collaboration projects. Employees are required to pass rigorous assessments before assuming their roles.

To support the implementation of its global expansion strategy and reinforce quality and compliance awareness, the Company invited leading Chinese medical device quality and regulatory experts to conduct a comprehensive FDA regulation training series in 2024. Over 20 internal courses were developed and adapted. These tailored programs, based on U.S. FDA regulations and guidelines, were delivered in four distinct modules covering general principles, registration protocols, product R&D, and postmarket surveillance. The training encompassed employees from regulatory affairs, registration, R&D, and platform departments.



#### **External Collaborative Training**

Yuwell Medical actively leverages high-quality external training resources. The Company organizes academic exchanges with external research institutions and universities, collaborates with professional organizations, and invites industry-leading experts to conduct exchange and training sessions for various departments, branches, and subsidiaries. These initiatives are critical to fostering innovation, enhancing the expertise of technical and managerial teams, and driving knowledge exchange. In 2024, the Company established collaborations with leading consulting firms, including CEIBS, Korn Ferry, Beisen, YunXueTang, Xingtu Consulting, and 51job, to advance its talent development strategies. These included the "Chinese Enterprises' Global Expansion Strategies and Implementation Roadmaps" course for the Yuwell High-Potential Talent Training Camp, the interviewer empowerment training, the CFMOTO study tour, the INOVANCE study tour, the cross-cultural leadership training, and the FDA registration regulations training.

Yuwell Learning and Development Center, in collaboration with the School of Medicine Jiangsu University, has launched the Excellence in Service - Yuwell Medical Advanced Studies Program. This initiative offers specialized courses tailored to Yuwell's diverse business segments.



#### **Employee Development**

#### Dual-Track Talent Development System

Yuwell Medical adheres to a talent strategy that prioritizes internal cultivation while supplementing it with external recruitment. The Company has established a dual-track talent development system to help employees align their personal characteristics with both professional and managerial growth paths, better matching individual career goals with organizational needs.

For professional roles, the Company has introduced a professional certification system and customized talent development initiatives. These frameworks help employees clarify their career positioning and identify skill gaps, empowering them to design personalized development roadmaps. For management roles, the Company has established a leadership management system and structured tiered development programs. It has also created leadership competency models and defined leader competency profiles for key management positions, standardizing the procedures for leader selection, appointment, evaluation, and promotion. This approach unleashes the potential of managers at all levels and strengthens the organization's core competitiveness.

**Professional Competence** 

#### Leadership



#### Academic and Qualification Support

Yuwell Medical promotes a culture of lifelong learning and has established policies such as the Research Personnel Continuing Education Management System and the On-the-Job Postgraduate Training Management System. The Company encourages and supports all employees (including regular and part-time staff) to pursue job-related degrees and qualifications outside of work hours and apply for growth programs that meet their personal development needs, constantly enhancing their professional competence. For employees choosing to pursue further education, the Company fully subsidizes their tuition and related expenses. As of the end of the reporting period, 24 employees have undertaken further academic studies, gaining greater opportunities for career development and advancement.
## **Diversity and Equal Opportunity**

Yuwell Medical advocates the philosophy of "diversity and inclusion, hard work, and happy living". The Company integrates diversity and inclusion requirements into its recruitment and hiring processes, daily operations, and training activities. Performance evaluations and promotion decisions are conducted fairly and impartially for employees from diverse backgrounds, providing equal opportunities and broad development platforms for all staff members. Annual diversity training and activities are organized for all employees, and regular face-to-face communication and team-building events are held between management, employees, and human resource business partners (HRBPs). These initiatives promote the integration of different cultural backgrounds and aim to create a diverse, equal, inclusive, and dynamic workplace atmosphere.

Female employee ratioImage: Complex c

29.37%

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Ethnic minority employee ratio

2.68%



Senior management female employee ratio

## **Recruitment and Hiring**

Yuwell Medical strictly adheres to international human rights norms such as the *International Bill of Human Rights*, the *ILO Conventions*, and the *UN Guiding Principles on Business and Human Rights*. It also complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and local laws and regulations in its areas of operation. Multiple management policies have been formulated, including the *Yuwell Medical Recruitment Management System* and the *Yuwell Medical Employee Handbook*, to standardize employee recruitment and onboarding processes. The Company does not discriminate based on gender, education, age, race, family status, religious beliefs, or cultural background, providing equal employment and development opportunities for all employees. It prohibits the employment of child labor, forced labor, and other illegal or policy-violating employment practices. The Company eliminates all forms of discrimination and prejudice, ensuring the legality, fairness, and equity of the recruitment process. During the reporting period, Yuwell Medical did not experience any incidents of child labor, forced labor, or employee discrimination.

## Work and Welfare Support

Yuwell Medical is committed to diversity, equity, and inclusion (DEI), fostering a dynamic and supportive workplace culture that values every employee. The Company has also established barrier-free work environments for employees with disabilities, enabling their employment and ensuring meaningful work opportunities.

For female employees, Yuwell Medical provides equal career opportunities, offering sound professional development prospects and a comprehensive compensation and benefits system. The Company ensures equal pay for equal work regardless of gender and fully respects women's rights to statutory prenatal check-up leave, maternity leave, and breastfeeding leave. It also encourages male employees to take paternity leave during their spouse's childbirth period, promoting a balance between family and career responsibilities. For female employees returning to work after childbirth, the Company humanely provides a necessary adaptation period and gradually guides employees back into their roles based on individual physical recovery, supporting their career continuity after returning from parental leave. Female employees are offered equal access to education, training, and promotion to support their professional growth and skill diversification. The Company empowers women to overcome career barriers, assume key roles, and take on leadership responsibilities, thereby expanding their career development horizons.



## **Compensation Incentives**

#### **Compensation Incentive Mechanism**

The Company has formulated the Yuwell Medical Interim Measures for Compensation Management System, establishing an evaluation and incentive mechanism that aligns with business characteristics, focuses on performance, and is based on value contribution. A comprehensive compensation system has been developed for all employees, including those in non-management and non-sales positions. The system includes both fixed and variable income components, with market dynamics and industry compensation trends fully considered. By constantly refining compensation plans based on performance metrics, the Company enhances the market competitiveness of its compensation packages.

The compensation structure comprises a fixed salary, variable performance bonuses, and long-term incentives, designed to be directly linked to the Company's operating results, organizational performance, and individual achievements. Variable bonuses and long-term incentives are allocated differently across job categories, reflecting individual contributions and the achievement of company and departmental performance targets. This approach ensures a strong alignment between bonus distributions and performance outcomes at both organizational and individual levels, effectively motivating employees to pursue performance goals, improve productivity, and retain key talent. Regular performance evaluations are conducted for all employees and departments to ensure compensation accurately reflects work results. The Company has also introduced an employee stock ownership plan (ESOP), using equity incentives to align core employees' personal interests with the Company's long-term goals. This strategy encourages staff to focus on sustained corporate growth, supporting ongoing and effective business expansion. For detailed information on employee equity incentives, please consult the *Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. 2024 Annual Report.* 

#### Performance Evaluation and Feedback

Yuwell Medical actively promotes an efficient, fair, and merit-based performance culture, complemented by a tiered and categorized performance appraisal system. The Company undertakes annual comprehensive evaluations of all regular employees, covering key dimensions such as performance, competence, work attitude, and behavior. The Company prioritizes employee capability enhancement and performance improvement while ensuring fair assessments and equitable rewards. Each year, the Company communicate its strategic and operational objectives to every department, team, and individual. This cascading process involves commitment and support at all organizational levels, ensuring alignment between individual performance, departmental results, and strategic objectives. Consequently, this approach translates corporate strategy into tangible daily activities, guaranteeing effective strategy implementation and the achievement of desired results.

Throughout this process, the Company has developed robust communication mechanisms for performance management, with the goal of ensuring all employees understand performance management principles and actively engage in the process. High-performing staff are recognized through both material and non-material incentives to sustain motivation. In contrast, for underperforming employees, the Company promptly deploys effective performance improvement plans (PIPs) to facilitate rapid improvement. Comprehensive supervisory mechanisms have been established at every stage, including processes for performance appeals, disciplinary complaints, and investigative interviews. These measures safeguard employee rights while ensuring the performance management process remains objective, fair, and impartial.

For middle and senior-level personnel, Yuwell Medical employs a 360-degree feedback assessment system. This approach gathers multi-source input from supervisors, peers, subordinates, and cross-functional collaborators. The evaluation process consists of three stages, covering the entire performance cycle and enhancing assessment fairness. In the preparation phase, tailored survey questionnaires are designed for different employee groups based on evaluation objectives. Both assessors and assesses receive thorough training on 360-degree feedback tools. During the assessment phase, the process is conducted anonymously, with strict confidentiality measures for both assessors and results, fostering an environment for honest and unbiased feedback. In the feedback phase, assessees receive detailed feedback and coaching based on multi-source input, enabling them to identify strengths, development areas, and performance gaps aligned with Company and supervisor expectations. This process empowers employees to define clear paths for professional growth and future improvement.

## Fostering a Happy Yuwell Workplace

Yuwell Medical upholds the philosophy of "hard work and happy living", providing all employees with comprehensive non-monetary benefits. Through the implementation of diverse welfare plans and employee assistance programs, the Company aims to create a harmonious and healthy work environment, nurturing a workplace characterized by warmth and well-being.

To provide employees with a pleasant, safe, and healthy workplace, the Company completed a new office building project in 2024. The project incorporated openconcept and flexible workspaces, creating a modern and collaborative environment that fosters communication and teamwork while enhancing comfort.

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LET'S KEEP



Basic

Benefits

(4)

Employee

Health





Sports check-in





Pet-friendly activity



71

• Provide endowment insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, housing fund, and paid leave (e.g., sick leave, work injury leave, marriage leave, bereavement leave, prenatal check-up leave, maternity leave, paternity leave, breastfeeding leave, childcare leave, and annual leave).

• Set Yuwell summer vacation, a special summer vacation benefit tailored to the Company's industry business cycle, to encourage employees to maintain a healthy work-life balance during peak and off-peak seasons.

• Offer annual health check-ups, accident insurance, illness compassionate payments, and high-temperature allowances.

• Organize health activities including traditional Chinese medicine (TCM) consultations, shoulder and neck therapy, and eye examinations.

• Partner with external psychological assessment institutions to provide psychological evaluations and counseling services for employees in need.

• Establish a compassion fund to provide timely assistance to employees or their family members facing illness or hardships, supporting over 540 individuals to date, with 33 employees receiving aid in 2024.

• Arrange additional home leave for expatriate employees, supplementing statutory holidays and paid annual leave, to facilitate more family reunions.

• Issue retirement commemoration certificates, social pension insurance, and mementos for retired employees.

• Assist employees in applying for various government subsidies when appropriate.

• Conduct regular team-building activities such as outdoor development programs, the Yuwell Chairman's Cup basketball tournament, the Yuwell supercar team, fitness challenges, and cultural performances. Deliver diverse recreational activities including mobile game competitions, vlog contests, and lucky draw events to help employees relax and unwind.

• Hold family open day annually to engage employees' families and children, jointly fostering a harmonious and healthy work atmosphere.

Parent-child activity

## Impact, Risk, and Opportunity Management

Yuwell Medical places strategic priority on continuous human capital enhancement, through proactive identification of potential workforce risks and systematic analysis of internal and external factors impacting talent development. In alignment with its strategic objectives, the Company engages in ongoing identification, assessment, mitigation, and monitoring of workforce risks to ensure they are maintained within acceptable thresholds. This riskcentric approach not only enhances organizational performance but also fuels long-term sustainable growth in a competitive market landscape.

To address critical human capital risks such as talent attrition, shortage of key personnel, ineffective performance management, insufficient training and development, uncompetitive or unfair compensation and benefits, legal compliance issues, and organizational culture risks, the Company has established a scientific human resource management system. Based on strategic planning and business development directions, it formulates talent development strategies, creates a support system for employees' continuous growth throughout their career lifecycle, and optimizes human resource management strategies for the entire process of attracting, nurturing, utilizing, and retaining talent. The Company also strengthens talent review and succession planning to mitigate, reduce, or transfer risks, shaping a resilient and adaptable organization capable of thriving across business cycles.

## Indicators and Targets

Indicator and Target	2024 Achievement Status
100% coverage rate of employee training	Target achieved
Continuous improvement in employee satisfaction	<b>Target not achieved<sup>1</sup></b> Employee satisfaction rate: 81.9%
Key talent turnover rate $\leq 12.5\%$	Target achieved Key talent turnover rate: 12%

Note 1: The Company's employee satisfaction survey response rate increased by 7.7% yearon-year in 2024, with a net increase of 880 in valid questionnaire respondents.

## **Protection of Employee Rights**

## Labor Rights

Yuwell Medical has implemented a comprehensive set of internal policies and guidelines, including the Anti-Discrimination Management Procedure, Labor Employment Procedure, Special Working Environment Assessment for Female Workers, Management of Child and Minor Workers, Yuwell Work Injury Management Measures, and Employee Handbook. These policies comply with human rights protection regulations, clearly defining employee conduct guidelines and expectations. By outlining these standards, the Company aims to mitigate potential human rights risks and provide robust safeguards for employee rights.

The Company has established human rights protection policies and procedures to ensure fair opportunities and treatment for all employees in recruitment, employment, promotion, and workplace environment. It strictly prohibits all forms of discrimination and harassment while guaranteeing reasonable working hours, paid leave, and fair compensation. Employees are entitled to join labor unions and engage in collective bargaining. The Company has also implemented anonymous reporting channels to protect employees' freedom of speech and their right to report concerns. Supply chain risk assessments are conducted regularly, with suppliers required to adhere to relevant social responsibility standards, ensuring the absence of human rights violations throughout the supply chain.



Labor contract signing rate<sup>1</sup>

99.13%

Social insurance coverage rate<sup>2</sup>

98.12%

Employee discrimination or harassment incidents

Notes 1 and 2: Rehired employees do not enter into labor contracts with the Company, and neither rehired employees nor locally hired foreign nationals are covered by the Company's social insurance contributions. For all other regular employees, the labor contract signing rate and social insurance coverage rate both stand at 100%.

## **Employee Communication and Grievance**

Yuwell Medical respects employees' rights to participate, express opinions, and exercise oversight. The Company constantly supports employees' freedom of speech by establishing open and transparent channels and platforms for expression. Through employee representative meetings, face-to-face communication sessions with the Chairman, 360-degree evaluation of management, company internal publications, and employee forums, the Company actively encourages employees to share their ideas and opinions on company operations and management.

The Company has developed the Yuwell Medical Employee Complaint Management Procedure and the Yuwell Medical Reporting Management System, implementing a comprehensive grievance reporting mechanism with clear escalation protocols. This framework establishes defined responsibilities and agile response mechanisms across all management levels, ensuring seamless communication from frontline to senior management. Employees are encouraged to promptly report any unfair treatment to their supervisors or the Human Resources Department. The Company has appointed dedicated personnel to receive and address employee grievances and whistleblowing, providing timely updates on handling measures and outcomes to safeguard employee rights. Furthermore, the Company enforces strict confidentiality for all complaints and whistleblowing. Any retaliation is strictly prohibited and will result in severe disciplinary action, ensuring employees can voice concerns freely without fear of reprisal. By analyzing grievance cases, the Company consistently improves its policies to prevent similar issues from arising in the future.



#### **Employee Representative Meetings**

Regular employee representative meetings enable employees to participate in company governance, particularly in matters related to employee benefits and career development.



## Face-to-Face Communication Sessions with the Chairman

The Chairman and General Manager engages in direct communication with key employees from various departments, conducting open discussions on organizational, business, and cultural topics to listen to employees' perspectives.



## 360-Degree Evaluation of Management

Comprehensive assessments of managers are performed by their superiors, peers, subordinates, and collaborating personnel to fully consider employee feedback.



#### Internal Publication Yuwell New Horizon

This publication disseminates the Company's development updates, product information, and management insights, while also featuring employee achievements and work reflections.



#### Employee Forum "Fish Pond"

This forum enables all employees to freely express themselves, with official accounts providing unified and timely responses to topics of employee interest.

## **Occupational Health and Safety**

Yuwell Medical strictly adheres to relevant laws and regulations, including the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Fire Control Law of the People's Republic of China, the Safety Administration of Hazardous Chemicals, and the Provisions on the Supervision and Administration of Occupational Health at Work Sites. The Company also complies with the requirements of the ISO 45001 management system. It has formulated a series of regulatory systems, including the EHS Management Manual and the Measures for Management of Work-related Injury Accidents, establishing a comprehensive safety management system. The General Manager is responsible for the Company's production safety, incorporating annual health and safety targets into management performance evaluations to ensure workplace health and safety.

Work-related injury insurance coverage rate<sup>1</sup>

Workdays lost due to work injuries

Yuwell Medical's parent company and four of its subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System certification.

Note 1: The Company does not contribute to work-related injury insurance for rehired and local foreign employees. For all other regular employees, the work-related injury insurance coverage rate is 100%.

## Occupational Hazard Prevention and Control

In compliance with Occupational Health and Safety Management System standards, Yuwell Medical rigorously implements the "Three Simultaneities" principle (i.e., safety facilities must be designed, constructed, and put into operation simultaneously with the main project) during process design and product manufacturing. The Company arranges occupational health check-ups for employees and engages certified institutions to conduct periodic assessments of workplace noise, air quality, and other potential occupational hazards. It systematically identifies risks and implements occupational disease prevention measures. A tiered safety approach is employed, with high-risk work areas and locations clearly marked using safety warnings and protective barriers to ensure a safe and healthy working environment for all employees.

## Health and Safety Training

The Company places great emphasis on cultivating a robust health and safety culture. It has developed an integrated online and offline learning platform to provide comprehensive safety education, including three-tier safety training and fire safety courses, to all employees. Regular initiatives such as the Production Safety Month are organized to reinforce safety management practices as a routine aspect of work. These efforts encourage employees to prioritize safety precautions in their daily tasks, fostering a culture where safety is everyone's responsibility and priority.

Mastery of CPR and AED techniques is a mandatory requirement for all employees. This training has been incorporated into the standard curriculum for new hires. Throughout the year, five training sessions were conducted, recording 489 attendances. An online firstaid safety course was launched, with 499 employees successfully completing the training and assessment.



Yuwell Medical's parent company has been certified as a Level 3 Enterprise for Work Safety Standardization.



## **Safeguarding Life and Health**

Upholding its mission of "alleviating patients' suffering and enhancing doctors' medical capabilities", Yuwell Medical consistently explores innovative philanthropic models that align with contemporary developments and societal needs. The Company is dedicated to initiatives in medical emergency response, diabetic care, and rural medical support, contributing to the high-quality development of global healthcare industry.



## **Focusing on Medical Emergency Response**

Since its inception, Yuwell Primedic has been at the forefront of emergency rescue services, safeguarding lives globally. In China alone, over 10,000 volunteers have undergone professional training provided by Yuwell Primedic. On a global scale, Yuwell Primedic's rescue network spans more than 100 countries, saving over a hundred lives annually. Furthermore, the Company has established the elite Flying Fish Rescue Team, which has collaborated with event security organizations to provide medical support at thousands of international marathon events, successfully resuscitating dozens of runners who experienced cardiac arrest.

On the 25th World Heart Day, Yuwell Primedic joined forces with various partners to establish a Public First Aid Network. This initiative encompasses the promotion of AED first aid knowledge through public welfare activities and includes a partnership with Tencent to integrate AED devices into public transportation systems, thereby providing mobile emergency assistance to citizens. By harnessing advanced 5G and AloT technology, Yuwell Primedic partnered with Tencent and China Unicom to create comprehensive emergency response solutions that greatly improve rescue efficiency. The company has also expanded its reach to schools, businesses, communities, and government agencies across the country. This program includes the One Hundred Emergency First Aid Training Sessions and the Last Mile Emergency Aid Public Training, addressing common concerns about using emergency equipment and improving pre-hospital emergency response efficiency and patient survival rates. Looking ahead, Yuwell Primedic plans to establish first aid training cooperation sites in 100 cities. These sites will be equipped with AEDs, CPR manikins, and other interactive teaching tools, offering public first aid training courses that cover health education, volunteer services, and rescue training to bolster primary medical treatment capabilities.

reaching

cities with

Yuwell Primedic has conducted

public welfare training sessions on AED and professional first aid

Cumulative certified first aid volunteers nationwide

5.000+

First aid instructors trained



Established in 1991, the Hwato Scholarship stands as the first privately endowed scholarship at Nanjing University of Chinese Medicine. It has provided financial support to thousands of exceptional students, playing a crucial role in revitalizing the field of TCM.

In collaboration with provincial and municipal acupuncture societies, the Company instituted the Hwato Gold Needle Award to recognize healthcare professionals who have made significant contributions to TCM and acupuncture. To date, nearly a hundred acupuncturists across the nation have been honored with this prestigious award.

#### Case Comprehensive Support for the "Power of Walking" Public Welfare Project

In 2024, Yuwell Medical served as the official medical security partner for the "Power of Walking" public welfare project, delivering comprehensive medical support throughout the event. To tackle the challenge of high-altitude oxygen deficiency, the Company leveraged its medical expertise to design emergency response kits customized for specific walking routes and terrain. These kits were equipped with oxygen generators, AEDs, blood pressure monitors, thermometers, blood glucose meters, and other essential medical devices. This proactive initiative not only ensured participants' safety and helped them maintain optimal physical condition while navigating challenging terrain but also empowered more individuals to overcome obstacles and regain the courage to face life's challenges. The journey begins with the heart and unfolds naturally - embodying both the spirit of the walk and Yuwell Medical's core philosophy of "energizing life via technology".

#### Case Yuwell Medical Continues to Provide Full Safety Support for the 7th Medical League Competition · Gobi Heroes Gathering, Marking Six Consecutive Years of Participation

From September 22 to 26, 2024, the 7th Medical League Competition Gobi Heroes Gathering took place in Guazhou, Gansu Province. The event attracted 3,000 representatives from the medical and pharmaceutical industries, who undertook the challenge of trekking 81 kilometers across the Gobi Desert. Throughout the event, Yuwell Medical provided arm-type electronic blood pressure monitors and lowfrequency electrotherapy devices to help participants monitor their health and aid in physical recovery. The Company also equipped the venue with Yuwell Primedic AEDs featuring a drop-resistant design, ensuring timely emergency response capabilities and securing critical minutes in life-saving situations.

## **Promoting the Development of Traditional Chinese Medicine** and Acupuncture

Suzhou Hwato Medical Appliance Co., Ltd., a subsidiary of Yuwell Medical, is a steward and advocate of Traditional Chinese Medicine (TCM) and acupuncture culture. It consistently invests in education and talent development, breathing new life into the TCM sector.





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The Company has forged a strategic alliance with the China Association of Acupuncture-Moxibustion, sponsoring the National College Acupuncture and Tuina Clinical Skills Competition for three consecutive years to foster the development of skilled practitioners in acupuncture and tuina.

## **Dedication to Diabetic Care**

Diabetes, one of the most prevalent chronic diseases worldwide, is increasingly affecting younger populations. Yuwell Medical is at the forefront of chronic disease management, driving product innovation and technological advancements based on a deep understanding of diabetic patients' needs and emerging health management trends. The Company offers more accurate and user-friendly blood glucose management services for individuals living with diabetes. Furthermore, it partners with hospitals and other healthcare institutions to enhance diabetes prevention and treatment efforts, conducts free community clinics, and organizes various charitable initiatives to provide comprehensive support for those affected by diabetes.

The Company actively

of diabetes prevention

promotes public awareness

and control, disseminating

scientific knowledge about

blood glucose management.



The Company regularly hosts Yuwell Health Camp events, featuring renowned experts from top-tier hospitals who engage directly with diabetic patients. These experts share scientifically-backed methods for blood glucose control, creating a platform that combines professional health guidance with interactive discussions.

## July 2024

Yuwell Medical co-organized the 18th Nanyi Summer Camp in Huai'an City, Jiangsu Province. The event attracted nearly 100 families affected by Type 1 diabetes, providing them with valuable knowledge and practical management skills related to the condition.

## August 2024

The Company successfully held the Yuwell Health Camp event, inviting medical experts to deliver accessible and informative sessions on diabetes knowledge, and offering one-on-one free consultations. In addition, the Company provided continuous glucose monitoring systems free of charge to help more individuals with diabetes achieve scientific and convenient blood glucose management.

The Company has established a diabetic community, which serves as an interactive online platform catering to patients with various types of diabetes, including Type 1, Type 2, and gestational diabetes.

Registered users on the platform: 310.000+

Cumulative views in the diabetic community: 1,690,000+

Total number of posts: 80,000+



## Supporting Rural **Revitalization**



Yuwell Medical is actively involved in the Rural Healthcare Program, aiming to enhance primary healthcare services and improve the allocation of medical resources in rural areas. Over the years, the Company has made significant donations of medical equipment to rural primary healthcare institutions, addressing the acute shortage of medical supplies at the grassroots level. Through partnerships with reputable charitable organizations such as the China Charity Federation, Red Cross Society of China Xianyang Branch, Jiangsu Social Donation Service Center, and Shanghai Charity Foundation, the Company has contributed funds and medical devices to rural revitalization projects and various elderly care institutions. These efforts have significantly enhanced health management standards and disease prevention capabilities in rural regions.

To tackle the oxygen supply challenges in high-altitude regions, Yuwell Medical initiated the Xizang Oxygen Production Project in 2016. This effort led to the establishment of the Yuwell Medical Highland Oxygen Production Industry Park in Lhasa, Xizang, in 2018. The facility produces a full spectrum of high-altitude oxygen products, including centralized and split diffusion systems, micro-pressure oxygen chambers, modular units, portable devices, vehiclemounted systems, and individual nasal inhalation devices. This diverse product range effectively meets the oxygen needs of highland residents. The Company's 1+1 Service Model, coupled with grid-based, standardized service and an intelligent remote monitoring platform, ensures rapid product delivery—within 1 hour in urban areas of Xizang and within 1 day in remote regions. Yuwell employees have made multiple trips to high-altitude outposts over 5,000 meters above sea level to deliver high-quality and reliable high-altitude oxygen concentrators to local residents, aid workers, and individuals from various sectors. The Company remains dedicated to its longterm engagement in Xizang, focusing on developing high-altitude medical infrastructure and exploring diverse public welfare models to improve the health of highland residents.

#### Case Committed to High-Altitude Healthcare, Serving the People of Xizang

From October 17 to 22, 2024, the China Ageing Development Foundation, in collaboration with several influential organizations. launched the Hearing Care Program for Veteran Soldiers, an initiative specifically targeted at retired soldiers in high-altitude regions. As a key partner, Xizang Yuwell Medical provided comprehensive services across various areas of Xizang, including Shannan, Shigatse, Nagqu, Lhasa, and Chamdo, at an average altitude of approximately 4,000 meters. The company conducted multiple health screenings, including tests for blood pressure, blood glucose, uric acid, and cholesterol, while also offering high-altitude oxygen supply services. Personalized medical advice was also provided, demonstrating Yuwell's commitment to the health and well-being of retired soldiers in these challenging environments.

A 6.8-magnitude earthquake struck Tingri County in Shigatse City, Xizang, causing casualties in surrounding areas including Lhatse County and resulting in over 100 injuries. Xizang Yuwell Medical immediately activated its high-altitude emergency oxygen supply and emergency first-aid plan. deploying critical medical rescue equipment such as high-altitude outdoor oxygen production cabins, portable wearable oxygen concentrators, and AEDs to provide urgent oxygen support and emergency medical aid for earthquake relief. Partnering with the China Ageing Development Foundation, the company organized overnight transportation to ensure essential medical gear, including oxygen generators and wheelchairs, along with other relief supplies, reached the disaster zone promptly. This rapid response provided critical medical support to affected residents and frontline rescue teams, significantly enhancing the efficiency of rescue operations.

## Advancing National Grassroots Infection Control

To promote the building and development of China's national grassroots infection control (IC) system, Zhongyou Likang Pharmaceutical High-Tech (Chengdu) Co., Ltd. has exclusively supported the National Health Commission in implementing the Inspiring China grassroots IC training program since 2017. The company has established the Inspiring China Hospital Infection Prevention and Control Research Fund, aimed at accelerating research and exploration of innovative methods, technologies, and applications in China's IC field. In 2024, Zhongyou Likang collaborated with the National Health Commission to launch the second session of the Inspiring China grassroots IC training program.



# **Environmental Friendliness** Creating a Shared Green Future

Total investment in environmental protection

RMB 4.82 million

Greenhouse gas emission intensity

 $0.0315_{\text{tons of CO}_2 \text{ equivalent/RMB 10,000 revenue}}$ 

Waste emission compliance rate

100%



## **Strengthening Environmental Management**

Yuwell Medical is committed to implementing and upholding the principles of green development. The Company strictly adheres to relevant environmental protection laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Water Pollution Prevention and Control, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. In accordance with ISO 14001 Environmental Management System standards, it has developed the Yuwell Medical EHS Management Manual and other policy guidelines. The Company constantly optimizes its internal environmental management system, embedding sustainable development practices into daily operations. Through developing a comprehensive EHS governance framework, it rigorously enforces EHS management responsibilities at all organizational levels. The Company also enhances its monitoring and improvement mechanisms, with the dual goal of boosting corporate competitiveness while reducing environmental footprint. During the reporting period, Yuwell Medical reported no environmental pollution incidents, incurred no environmental administrative penalties, and experienced no major environmental incidents.



## EHS Management Structure

The Company has established a three-tier EHS management structure with clearly defined responsibilities at each level. The General Manager is primarily responsible for environmental protection, leading and coordinating the Company's EHS management strategies. A Management Representative is appointed to develop plans and ensure that environmental initiatives are established, implemented, and maintained within the EHS management system, with direct reporting to the General Manager. The functional departments execute various regulations and requirements of the Company's EHS management system, ensuring the achievement of EHS management policies and objectives. The EHS management system encompasses 100% of the Company's relevant business segments. During the reporting period, the Company revised the Yuwell Medical EHS Responsibility System and implemented tiered safety and environmental protection responsibility agreements to ensure effective implementation of safety responsibilities.



• Oversee the Company's EHS management initiatives, including formulating corporate EHS management policies and objectives, ensuring adequate resources for effective operation of the EHS management system, and preventing and managing overall environmental risks.



• Assist the General Manager in establishing, implementing, and maintaining the EHS management system, ensuring the realization of EHS management policies and objectives. Organize the assessment of risk and opportunity response measures, and oversee the investigation, analysis, and handling of major environmental and safety incidents.



• Execute various regulations and requirements of the Company's EHS management system, carry out work related to the EHS management system, and ensure the achievement of EHS management policies and objectives.

## **Environmental Management Objectives**

The Company regularly assesses the environmental impact of its business operations, cascading environmental objectives and tasks to various departments. It reinforces the tracking, feedback, and evaluation of goal achievement progress, implementing closed-loop management to constantly improve environmental performance. EHS management objectives are incorporated into management performance evaluations, with a veto system for major negative incidents in environmental management. Once the EHS management objectives are further detailed and allocated to specific departments, they are directly tied to the performance evaluations of department heads and relevant personnel.

Indicator and Target
Waste classification rate ≥ 90%
100% control of hazardous waste
90% control of recyclable waste
Factory boundary noise emissions comply with Class 3 stand Emission Standard for Industrial Enterprises Noise at Boundary, i.
the day and $\leq$ 55 decibels at night, with no complaints from relev

Unorganized exhaust gas emissions at factory boundaries m external complaints.

Implement rainwater and sewage diversion systems in compliant sewage discharge.

Increase factory area greening to 15% of the factory area.

## Environmental Risk Management

The Company has implemented a suite of policies, including the Identification, Evaluation, and Control Procedure for Environmental Factors, the General Rules for Monitoring, Measurement, Analysis, and Evaluation, and the Emergency Preparedness and Response Procedure. It annually identifies and reviews environmental risk factors, undertaking proactive environmental assessments and hazard investigations to constantly refine risk control measures. Regular environmental monitoring is carried out to effectively track pollutant emissions, with results promptly disclosed for regulatory review and public oversight. An emergency command center and response teams have been established, supported by a dedicated *Emergency Plan for Sudden* Environmental Incidents. Regular professional training and emergency drills are conducted to strengthen the Company's emergency response capabilities and readiness for environmental incidents. During the reporting period, the Company revised its *List of Significant Environmental Factors*, identified 55 environmental factors, and carried out two environmental emergency drills focusing on chemical spills and sudden environmental incidents.

## **Environmental Protection Training**

The Company regularly conducts diverse, multi-tiered environmental protection education and training programs, followed by post-training assessments. Extensive environmental awareness campaigns are organized to enhance employees' environmental consciousness and competencies. During the reporting period, environmental protection training covered 100% of the Company's main operational bases, with 2,000 manuals distributed and five environmental education warning films screened.

#### 2024 Achievement Status

	Target achieved
ndard in GB 12348-2008 i.e., ≤ 65 decibels during evant parties.	Target achieved
neet standards, with no	Target achieved
the factory area, with	Target achieved
	Target achieved

## **Environmental Audits and Certification**

The Company has developed the Internal Audit Control Procedure and the Management Review Procedure. Annually, it undertakes multi-dimensional internal environmental audits, cross-departmental reviews, and rigorous selfinspections according to a predefined schedule. The system maintains its effectiveness through the PDCA (Plan-Do-Check-Act) model, ensuring continuous improvement. Quarterly, the Company partners with third-party professional institutions to audit its environmental management system, comprehensively assessing operational efficiency and environmental performance. Furthermore, the Company actively promotes the development and certification of its environmental system, undergoing annual supervisory audits by third-party certification bodies and recertification audits every three years.

> Yuwell Medical's parent company and three of its subsidiaries have obtained ISO 14001 Environmental Management System certification.

Yuwell Medical's parent company has been certified as the national Green Factory and the Jiangsu Provincial Green Factory.

## **Addressing Climate Change**

## Governance

Yuwell Medical has established a comprehensive governance structure to constantly enhance its capacity to identify, assess, manage, and disclose climate-related risks and opportunities. The Board of Directors assumes a leadership role in managing and deciding on climate change issues, reviewing ESG-related risk and opportunity assessments (including climate change topics), approving climate-related planning objectives and their progress, and overseeing implementation. The EHS Working Group is responsible for evaluating and analyzing climate change risks and opportunities, formulating strategic objectives and implementation plans to address climate change, promoting the implementation of climate-related actions across various business units, and regularly collecting and tracking climate change-related data and target progress. Strategy and Management Mechanisms Yuwell Medical thoroughly analyzes the risks and opportunities presented by climate change, incorporating climate change considerations into strategic decision-making. While accelerating green transformation, the Company integrates climate risk response into its operations to enhance overall climate resilience.

Category		Risk/Opportunity Description	Impact Period	Potential Financial Impact	
-	Acute Risks	• Extreme weather events (e.g., floods, typhoons, and high temperatures) caused by climate change may directly damage company assets and production facilities, impacting business continuity.	Short-term, Medium-term	Revenue I Operating costs 1 Fixed asset value I	<ul> <li>Enhance to emergence weather en</li> <li>Consister</li> </ul>
Physical Risks	Chronic Risks	<ul> <li>Rising temperatures and water resource risks may affect supply chain stability and operational costs.</li> </ul>	Long-term	Operating costs 🕇	manufactu guided ve term opera
	Policy and Regulations	<ul> <li>Increasingly stringent policies and requirements in operational locations may increase costs and strengthen operational constraints.</li> </ul>	Medium-term, Long-term	Operating costs 1	<ul> <li>Promptly changes and proar</li> </ul>
Transition Risks	Market and Technology	<ul> <li>Customer demands for low-carbon products and green supply chains are growing. While green product and technology deployment will enhance the Company's product competitiveness, low-carbon transition costs will increase.</li> <li>Extreme weather induced by long-term climate change may directly or indirectly affect human health. Changes in public health environments may necessitate potential adjustments to the Company's product R&amp;D direction and market strategy, posing certain challenges.</li> </ul>	Medium-term, Long-term	Revenue ↓ Operating costs ↑	<ul> <li>Constantl natural di research o product a</li> <li>Develop o new mat evaluate carbon tr circumsta</li> </ul>
Climate Opportunities	Products and Services	<ul> <li>Potential new business directions may emerge in disease areas caused by climate change, leading to new home medical device solutions. Health issues brought about by climate change may drive increased demand for home medical devices.</li> <li>Enhancing product competitiveness and expanding new growth areas through low-carbon technology R&amp;D and green product development.</li> </ul>	Medium-term, Long-term	Revenue 🕇	• Increase product c
	Resource Efficiency	• Adopting energy-saving technologies and equipment to reduce energy consumption in production processes, achieving both cost savings and environmental protection.	Short-term, Medium-term	Operating costs 🌡	<ul> <li>Further pr energy-sa create a g term oper</li> </ul>

## **Response Measures**

the identification and management of climate change risks. Refine ency response plans to boost the capacity to respond to extreme or events, optimize supply chain layout, and ensure business continuity.

tently advance energy efficiency management and intelligent acturing, gradually introducing production line robots, and automated vehicles (AGVs) to improve production efficiency and reduce longperating costs.

tly monitor environmental and carbon-related legal and policy es in operational locations. Enhance compliance management oactively consider policy adaptability.

ntly monitor and assess potential impacts of climate change and disasters on human health. Stay abreast of cutting-edge scientific h on disease spectrum changes caused by climate change. Intensify t and technology R&D efforts.

p comprehensive decarbonization strategies. Actively implement naterials, equipment, processes, and technologies. Thoroughly te investment returns and feasibility before implementing lown transition projects. Adopt optimal solutions based on specific stances.

se R&D investment and optimize R&D layout to enhance ct chain competitiveness while addressing health needs.

r promote intelligent manufacturing initiatives. Widely implement -saving technologies and equipment in production processes to a green and efficient energy utilization system and reduce longperating costs.

## **Green Products**

Yuwell Medical integrates green innovation principles into product development. Throughout packaging design, production, distribution, transportation, and sales, the Company actively employs new materials, equipment, processes, and technologies to promote modular, lightweight, low-energy consumption, and environmentally friendly design, delivering more sustainable high-quality products.

The Company rigorously implements comprehensive hazardous substance control, requiring suppliers to provide raw and auxiliary materials that comply with the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive. Selfassessments are conducted in accordance with the Green Supply Chain Management Evaluation Requirements, achieving a green supply chain management index of 82.5 (exceeding the 80-point threshold), meeting the criteria for an excellent green supply chain management enterprise. This ensures that risks associated with chemical substances affecting human health and the environment in the Company's production and operations are minimized.

## Green Packaging

In packaging design, production, distribution, transportation, and sales, the Company prioritizes packaging simplification while maintaining product safety. It emphasizes the use of recyclable materials and promotes packaging material reduction throughout the product lifecycle through internal circulation, resource recycling, and reuse, thereby minimizing natural resource consumption and environmental impact.



The Company advocates for recyclable, biodegradable, or reusable packaging materials such as cardboard and biodegradable plastics to reduce environmental impact. For instance, biodegradable materials like 400g white cardboard are used for packaging temperature, fetal heart, and blood oxygen products. Foam liners have been replaced with recyclable air column bags made of LLDPE/NYLON co-extruded film, reducing plasticization volume.

The Company has launched the innovative Reusable Box project to decrease packaging material usage for consumer-end shipments. This recycling model achieves efficient resource utilization, significantly reducing waste disposal costs and environmental burden.

### Modular, Lightweight, and Low Energy Consumption Design

- Electric Wheelchairs: A lightweight product series has been developed, with an average weight reduction of approximately 5kg across the new product line and a 10% decrease in folded size, reducing packaging volume and material usage. All models incorporate a lowpower consumption design for the control unit, reducing standby power consumption from 3mA to 0.8mA, extending standby time while reducing energy consumption.
- Electronic Blood Pressure Monitors: Platform-based design concepts are adopted for air circuit modules and circuit modules to reduce material redundancy. Intelligent standby design and smart control modes are employed to further minimize power consumption.
- Oxygen Concentrators: Modular and easy-maintenance designs are implemented for convenient disassembly and repair, extending product lifespan and reducing waste materials. A built-in intelligent pulse oxygen supply system provides oxygen only when the user inhales, preventing unnecessary oxygen and energy waste. Design focus is on miniaturization of spatial dimensions and equipment weight reduction, improving portability and transportation efficiency.
- Temperature Products: Modular and lightweight design principles are applied, with a shared temperature measurement module for the preheating platform (YHT108, YHT201, YHT202, YHT208, YHT207 share the temperature measurement module), enhancing resource efficiency.

#### Green Health Materials

- the oxygen production process, improving nitrogen-oxygen separation efficiency and reducing energy consumption.
- recharged and used multiple times, offering a more sustainable alternative to conventional disposable alkaline batteries.
- such as mercury, lead, cadmium, and hexavalent chromium, significantly minimizing their impact on human health.
- protection requirements.

## Low-Carbon Operations

Yuwell Medical ensures compliance with ISO 50001 Energy Management System requirements. The Company has developed comprehensive energy management policies, including the *Energy Management* System Manual. To support the development of energy management objectives and plans, a robust energy management framework has been implemented. Regular energy conservation audits are conducted, with energy-saving and emission-reduction initiatives pushed forward through three key dimensions of management-driven conservation, technological conservation, and energy structure optimization-all with the goal of achieving low-carbon operations. Energy management objectives are annually updated and incorporated into performance evaluations to ensure alignment with sustainability goals.

## Energy Management Strategy

Yuwell Medical is actively developing a big data platform for energy management. This platform establishes an integrated energy control system encompassing data collection, process monitoring, and energy management. Through multi-level metering devices, the Company achieves centralized monitoring of various energy media and key energy-consuming equipment. This enables comprehensive closed-loop management from energy planning to statistics, analysis, and assessment, ensuring the safe, reliable, economical, and efficient operation of energy systems. This approach facilitates the transition of energy management from an experience-based model to an analysis-driven one, and from manual processes to digital operations.





• The Company selects renewable and recyclable materials for its oxygen concentrators. High-efficiency compressors are utilized to enhance oxygen production efficiency. Advanced molecular sieve adsorption materials are employed to optimize

• The Company has introduced electronic blood pressure monitors that use rechargeable lithium batteries. These can be

• The Company chooses materials compliant with the RoHS directive. Strict controls are implemented over harmful substances

• The Company selects packaging suppliers and products that meet environmental certification standards, such as ISO 14001 Environmental Management System certification. This ensures that all procured packaging materials adhere to environmental

> Yuwell Medical's parent company and two of its subsidiaries have obtained ISO 50001 **Energy Management** System certification.

## **Energy Conservation and Emission Reduction Actions**

#### Management-Driven Conservation

- An energy management center has been established, equipped with a smart online monitoring system. This system allows for real-time tracking of energy consumption, unit energy usage, energy trends, and operational parameters, making it easy to spot unusual consumption patterns. Thorough analyses of the energy data help identify opportunities for savings and develop more effective conservation strategies. This informs timely adjustments to production, management, and processes, facilitating fine-grained energy management.
- Off-peak electricity consumption is utilized, with high-power equipment usage scheduled during nighttime hours while maintaining production efficiency and equipment safety to boost energy efficiency.
- Natural lighting is maximized, and green office practices are actively promoted to reduce energy consumption and waste emissions.

#### **Energy Structure Optimization**

• The proportion of clean and renewable energy use is being increased, raising the share of green electricity in the Company's energy mix through ongoing investment in photovoltaic systems and green electricity purchases.

## Technological Conservation

- High-energy-consuming, low-efficiency outdated equipment is systematically replaced. All operational sites have adopted intelligent centralized energy systems, with common equipment such as air compressors, transformers, water pumps, chillers, and cooling towers upgraded to energy-saving models. Energyefficient lighting has been implemented across 100% of facilities, resulting in significant operational emission reductions. In 2024, a chiller frequency conversion renovation project was implemented, reducing electricity consumption by 633,600 kWh. New energyefficient permanent magnet variable frequency air compressors were introduced, further reducing electricity consumption by 450,000 kWh.
- · Water-circulation air conditioning systems have been introduced, offering superior energy efficiency, low noise levels, and enhanced environmental performance. Compared to traditional air conditioning, these systems can reduce energy consumption by over 30% while providing higher cooling efficiency. The elimination of refrigerants in these systems further reduces pollution.
- Intelligent manufacturing practices are constantly advanced, including the introduction of automated production lines and robotic technologies. More efficient production techniques and processes are applied, with real-time monitoring and adjustment of equipment status to reduce energy consumption per unit of output value.

## Impact, Risk, and Opportunity Management

Yuwell Medical has implemented a comprehensive process and framework for managing climate-related risks and opportunities. This system is designed to identify, assess, and manage significant climate change risks and opportunities, enabling the Company to develop evidence-based climate change response strategies and enhance its overall climate resilience.

Identification of **Climate Risks and** Opportunities

The Company identifies climate risks and opportunities in alignment with recommendations from frameworks such as the IFRS S2 Climate-related Disclosures and the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (Trial).

Assessment of Climate **Risk and Opportunity** Materiality

Through thorough internal and external environmental analysis and the use of risk management tools, the Company evaluates the probability of risks occurring, the potential impact of these risks, and their financial implications. This process helps to pinpoint significant climate change risks and opportunities and their potential effects on the Company's operations.

Management of Climate **Risks and Opportunities** 

Material risks and opportunities are fully integrated into the Company's risk management system. Comprehensive climate risk response action plans are developed, and targeted risk management and response measures are implemented. The execution of these plans is regularly monitored to ensure active response to climate change challenges.

## **Indicators and Targets**

## Indicator and Target

Comprehensive energy consumption per unit of output value $\leqslant$ 6.08 kg standard coal equivalent/ RMB 10,000	Comprehensive energy consumption per unit of output value: 5.64 kg standard coal equivalent/RMB 10,000	
Air compressor efficiency $\geq$ 85%, pressure $\geq$ 0.75, exhaust temperature < 100° C	Air compressor efficiency $\geqslant$ 85%, pressure $\geqslant$ 0.75, exhaust temperature 80° C	Target
Power distribution power factor $\geq$ 96%, line loss rate < 5%	ac Power distribution power 97%, line loss rate ≤ 3%	
Ground source heat pump efficiency COP $\geq$ 5.4	Ground source heat pump efficiency COP $\ge$ 5.4	
Screw chiller efficiency COP $\ge 5$	Screw chiller efficiency COP $\geq 5$	

Note: Statistics pertain to Yuwell Medical's parent company.

Indio	cator	Unit	2024
Energy Consumption	Gasoline	tons	52.86
	Diesel	tons	37.93
	Natural gas	million m <sup>3</sup>	1.01
	Purchased electricity	million kWh	39.84
	Total energy consumption	tons of standard coal equivalent	6,368.69
	Energy consumption intensity	tons of standard coal equivalent/RMB 10,000 revenue	0.0084
	Direct greenhouse gas emissions (Scope 1)	tons of CO <sub>2</sub> equivalent	2,456.42
Greenhouse Gas Emissions	Indirect greenhouse gas emissions (Scope 2)	tons of CO <sub>2</sub> equivalent	21,380.41
	Total greenhouse gas emissions (Scope 1 and Scope 2)	tons of CO <sub>2</sub> equivalent	23,836.83
	Greenhouse gas emission intensity	tons of CO <sub>2</sub> equivalent/RMB 10,000 revenue	0.0315

Photovoltaic power generation during the year Green electricity purchased



0.50illion kWh

Total renewable energy consumption 9.20



## 2024 Achievement Status



Heyang Photovoltaic Power Generation Project Phase II (newly built)

## Reducing **Environmental Impact**

## Water Resource Management

Yuwell Medical primarily sources its production and office water from municipal supplies. All major production and operational sites that consume significant water are strategically situated in areas with relatively low water stress risk. The Company has developed the Yuwell Medical Water Conservation Management System, implementing a comprehensive water planning and management approach. This involves developing detailed water-saving plans and setting annual water usage targets, which are assigned to key departments that consume the most water and monitored by designated personnel. The Company also actively promotes production process optimization and equipment upgrades to promote sustainable water use.

During the reporting period, Yuwell Medical underwent a rigorous water-saving enterprise evaluation in accordance with the *Evaluating* Guide for Water Saving Enterprises. The Company successfully met all basic requirements, management assessment indicators, and technical benchmarks, thereby qualifying as a water-saving enterprise.



 Develop comprehensive water resource usage plans, rationally allocate water resources, implement stringent guota management, and regularly assess and supervise water usage, with a system of rewards for conservation and penalties for excess use.



- Annually allocate dedicated funds for water-saving projects, technological upgrades, and procurement of efficient water-saving equipment such as advanced cooling towers to improve water resource utilization efficiency. For example, Shanghai Medical Instruments Group upgraded open cooling towers to closed-circuit types, significantly reducing water evaporation and cutting annual water consumption from over 30,000 tons to approximately 4,000 tons.
- Conduct regular inspections and maintenance to prevent water leakage and waste.
  - · Enhance employee training on water conservation practices and actively encourage staff to propose innovative watersaving technical improvements, fostering a culture of research and innovation.



- Actively promote water recycling initiatives in production and operations, including the reuse of cooling and process water, as well as wastewater treatment and reuse. These efforts aim to improve water efficiency while reducing the environmental impact of wastewater discharge on surrounding water bodies.
- Implement rainwater harvesting systems, collecting rainwater in on-site reservoirs for landscape irrigation, which resulted in saving 1,440 tons of water from natural precipitation in 2024.



• Construct robust pipeline networks to prevent production and operation disruptions due to potential water supply interruptions. Carefully consider water resource risks in new project site selection processes, constantly monitor water scarcity risks, and regularly evaluate water-related strategies to ensure a stable and sufficient water supply for essential production operations.

Total water withdrawal 694,000

Total water discharge 244,600 tons

Water recycling volume

39,600<sub>tons</sub>

2024 Sustainability Report



## **Emissions and Waste Management**

Yuwell Medical upholds a clean and green production and operational model. It strictly adheres to relevant laws and regulations, including the *Regulation on the Administration of Permitting of Pollutant Discharges*, and has implemented the *Yuwell Medical EHS Management Manual* to meticulously manage exhaust gas emissions, wastewater discharge, and solid waste disposal. The Company mandates that pollution prevention facilities be designed, constructed, and commissioned concurrently with the main project. Regular self-monitoring is conducted by accredited third-party testing institutions, with environmental monitoring data promptly disclosed to ensure 100% compliant discharge of all waste types, thereby minimizing the environmental impact of emissions. Throughout the reporting period, the Company recorded no major environmental incidents, facing no administrative penalties or criminal charges from environmental protection authorities for such incidents. There were no instances of excessive or illegal discharge of air or water pollutants.

#### Wastewater Management

The Company's wastewater primarily stems from domestic sewage, R&D activities, and manufacturing processes. Yuwell Medical rigorously complies with pertinent laws, regulations, and local standards, including the *Law of the People's Republic of China on Water Pollution Prevention and Control*, the *Integrated Wastewater Discharge Standard*, and the *Reuse of Urban Recycling Water* - *Water Quality Standard for Industrial Uses*. The Company has established a comprehensive *Wastewater Management System* to enhance online monitoring and regular inspections, ensuring compliant treatment, discharge, and recycling of production and operational wastewater. A rainwater and sewage diversion system is implemented. Rainwater is channeled into the municipal rainwater network, while production wastewater undergoes on-site treatment, with a portion reused in production and the remainder discharged externally. High-concentration organic wastewater is subjected to pretreatment before being combined with various types of washing water and alkaline scrubber wastewater in a mixing pool for detoxification. Subsequently, 60% of the treated wastewater is discharged into the municipal sewage network, while 40% enters the water reuse treatment system. After meeting quality standards, this reclaimed water is utilized for rinsing in production lines, resulting in an annual water savings of approximately 4,380 tons.

## Lase Industrial Wastewater Treatment Project

Yuwell Medical's industrial wastewater treatment project emphasizes technological advancement and operational efficiency. Utilizing mature and proven wastewater treatment technologies, combined with an automated control system, it precisely optimizes operational parameters and ensures consistent compliance with effluent standards. The project opts for high-quality, energy-efficient local equipment and streamlines operational procedures via integrated design, substantially reducing management complexity and minimizing the risk of human error. After treatment, 40% of the industrial wastewater is reintroduced into the production process for recycling, achieving exemplary resource recovery while preventing secondary pollution risks through whole-process pollution control measures, thus establishing a sustainable wastewater management model.



# Indicator Chemical oxygen demand (COD) (tons) Ammonia nitrogen emissions (tons)

#### **Exhaust Gas Management**

Yuwell Medical's production processes primarily generate emissions including volatile organic compounds (VOCs), nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM). The Company rigorously adheres to the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and local air pollutant emission standards. In compliance with the internal *Exhaust Gas Management System*, it implements comprehensive emission controls across all facilities, ensuring exhaust gas emissions meet standards after treatment through proper devices. Monitoring and sampling ports have been installed at key outlets, and regular assessments of critical parameters such as exhaust gas composition, concentration, and flow rate are conducted to effectively mitigate air pollution risks. In 2024, Zhongyou Likang upgraded its exhaust gas treatment facilities in workshops, transitioning from photocatalytic units to activated carbon adsorption systems, achieving an organized exhaust gas treatment efficiency of over 90%.

## Indicator Nitrogen Oxides (NO<sub>x</sub>) emissions (tons)

Sulfur Oxides (SO<sub>x</sub>) emissions (tons)

Volatile Organic Compounds (VOCs) emissions (tons)

Particulate Matter (PM) emissions (tons)

2024	
1.21	
0.09	

2024	
0.18	
0.02	
1.12	
0.08	

### Waste Management

Yuwell Medical strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations. The Company has implemented the *General Solid Waste Management System* and the *Hazardous Solid Waste Management System*, establishing rigorous waste handling procedures and safety protocols. Adhering to the principles of reduction, resource utilization, and harmlessness, it maintains strict control over waste throughout the entire lifecycle of production, storage, transportation, and disposal. During the reporting period, the Company recorded no violations related to waste disposal.

Waste Management Goal: Reduce pollutant emissions per unit of product by

L J /O in 2024 compared to 2023 levels.

Inc	licator
	Non-hazardous waste generated (tons
Waste emissions	Non-hazardous waste recycled (tons)
	Hazardous waste generated (tons)

## **Biodiversity Protection**

Yuwell Medical maintains strict adherence to national and local biodiversity protection laws and regulations, actively fulfilling its commitments under the UN *Convention on Biological Diversity*. Biodiversity protection measures are integrated into all stages of project planning, design, construction, and operation. Prior to project construction, the Company conducts comprehensive environmental risk factor identification and hazard investigations, meticulously observing ecological red line requirements. During project operations, the Company implements continuous environmental monitoring protocols to promptly identify and address potential issues, actively engaging in ecological restoration and protection initiatives. Throughout the reporting period, Yuwell Medical maintained no production facilities or operational sites within ecological protection areas or regions of high biodiversity value. None of its production activities, products, or services had a significant impact on biodiversity.

## Hazardous Waste

The Company's hazardous solid waste includes waste filter bags, sludge, spent activated carbon from exhaust gas treatment processes, waste filter cotton, chemical packaging containers, waste mechanical oil, waste emulsions, and oil sludge. A hazardous waste storage facility has been established, equipped with waterproofing and anti-leakage measures. All hazardous waste is meticulously classified, temporarily stored, and managed by specialized personnel in strict accordance with the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2023). The Company regularly engages qualified professional entities to ensure the safe and effective disposal of hazardous waste.

The Precision Integrated Workshop utilizes cuttingedge production equipment capable of filtering and reusing spent emulsions, potentially reducing waste emulsion treatment by approximately **30%** annually. The Company collaborates with third-party comprehensive utilization and disposal units to recycle hazardous waste such as waste cutting fluids, waste emulsions, and waste machine oils, reducing hazardous waste by **10** tons annually.

## Non-hazardous Waste

The Company's non-hazardous solid waste encompasses waste metal scraps, metal dust, general packaging containers, and office supply waste. General production solid waste undergoes thorough collection for recycling, while domestic waste is systematically collected and regularly removed by local sanitation departments. The Company employs innovative wireless e-ink screens to display real-time inventory data, prioritizes emails and electronic files to achieve paperless operations, and has implemented a consumables requisition registration system to minimize waste generation.

Comprehensive utilization rate for general solid waste





2024
250.75
206.00
66.45

## Key Performance Table

## Corporate Governance

## **Business Ethics and Anti-corruption**

Indicator	Unit	2023	2024
Coverage rate of anti-corruption training	%	100%	100%
Average anti-corruption training duration per employee	hours	2	6.7

## **Environmental Performance**

#### **Environmental Management**

Indicator	Unit	2023	2024
Total investment in environmental protection <sup>1</sup>	million RMB	7.02	4.82
Environmental protection training coverage rate	%	100%	100%
Environmental incidents throughout the year	cases	0	0

Note 1: In 2023, the Company made significant investments in environmental protection facilities. In 2024, the focus shifted to maintenance, resulting in lower expenditure.

## Energy Use and Greenhouse Gas Emissions<sup>1</sup>

Indicator	Unit	2023	2024
Gasoline	tons	76.40	52.86
Diesel	tons	33.27	37.93
Natural gas	million m <sup>3</sup>	0.86	1.01
Purchased electricity	million kWh	34.92	39.84
Total energy consumption	tons of standard coal equivalent	5,600.27	6,368.69
Energy consumption intensity	tons of standard coal equivalent/RMB 10,000 revenue	0.0070	0.0084
Direct greenhouse gas emissions (Scope 1)	tons of CO <sub>2</sub> equivalent	2,201.36	2,456.42
Indirect greenhouse gas emissions (Scope 2)	tons of CO <sub>2</sub> equivalent	19,916.69	21,380.41
Total greenhouse gas emissions (Scope 1 and 2)	tons of CO <sub>2</sub> equivalent	22,118.05	23,836.83
Greenhouse gas emission intensity	tons of CO <sub>2</sub> equivalent/RMB 10,000 revenue	0.0277	0.0315

Note 1: The data is based on guidelines including the Greenhouse Gas Protocol published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), *ISO 14064-1:2018 – Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals*, and *GB/T 2589-2020 – General Rules for Calculation of the Comprehensive Energy Consumption* issued by the State Administration for Market Regulation and the Standardization Administration of China. For Scope 2 greenhouse gas emissions, the emission factor for purchased electricity is based on the *Announcement on the Release of the 2022 Carbon Dioxide Emission Factors for Electricity Generation* (Announcement No. 33 [2024]) jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics. The greenhouse gas emission data presented in the table is calculated using the location-based method. Under the market-based method, Scope 2 emissions would amount to 18,238.06 metric tons, with an emission intensity of 0.0274 metric tons of CO<sub>2</sub> equivalent per RMB 10,000 of revenue.

## Water Utilization

Indicator	Unit	2023	2024
Total water withdrawal	tons	561,377.9	694,019.38
Water recycling rate	%	/	5.40%

## **Emissions and Waste<sup>1</sup>**

Indicator	Unit	2023	2024
Waste emission compliance rate	%	100%	100%
Total wastewater discharge	tons	3,566	2,852
Hazardous waste generation	tons	48.38	66.45
Non-hazardous waste generation	tons	245.58	250.75
Nitrogen oxides (NO <sub>x</sub> )	tons	/	0.18
Sulfur oxides (SO <sub>x</sub> )	tons	/	0.02
Volatile organic compounds (VOCs)	tons	/	1.12
Particulate matter (PM)	tons	/	0.08

Note 1: Statistics pertain to Yuwell Medical's parent company.

## **Social Performance**

## **R&D** Innovation

Indicator	Unit	2023	2024
Annual R&D investment	million RMB	504.37	546.68
R&D investment as a percentage of revenue	%	6.33%	7.23%

#### **Customer Rights**

Indicator	Unit	2023	2024
Customer complaint handling rate	%	100%	100%
B2B customer satisfaction rate	%	96.2%	97.2%
B2C customer satisfaction rate	%	97.25%	97.7%

## Social Performance

## Employment

Indicator	Unit	2023	2024
Total number of employees	persons	6,114	6,346
Number of new hires during the reporting period	persons	1,247	2,368
Number of newly recruited fresh graduates	persons	68	146
Number of employees by gender			
Male employees	persons	3,482	3,734
Female employees	persons	2,632	2,612
Number of employees by age			
Employees aged 30 and under	persons	1,586	1,810
Employees aged 31-50	persons	3,902	4,135
Employees aged 51 and above	persons	626	401
Number of employees by hierarchical level			
Senior management	persons	135	135
Middle management	persons	306	313
Frontline employees	persons	5,673	5,898
Number of employees by educational level			
Employees with bachelor's degree or above	persons	2,081	2,501
Employees with associate degree	persons	1,559	1,612
Employees with degrees below associate level	persons	2,474	2,233
Number of employees by region			
Employees from China (including Hong Kong, Macao, and Taiwan)	persons	6,020	6,234
Number of overseas employees	persons	94	112
Employee satisfaction rate	%	83.6%	81.9%

## **Equality and Diversity**

Indicator	Unit	2023	2024
Incidents of employee discrimination/harassment	cases	0	0
Proportion of female employees in middle and senior management	%	29%	31.25%

## **Employee Training and Development**

Indicator	Unit	2023	2024
Total investment in employee training <sup>1</sup>	million RMB	10.08	3.20
Total training attendances	attendances	34,356	35,762
Total training hours	hours	171,780	223,874
Average training hours per employee during the year	hours	24.7	35.28

Note 1: Total employee training expenditure in 2023 includes expenses for overseas study programs.

## Occupational Health and Safety

Indicator	Unit	2023	2024
Employee occupational disease incidence rate	%	0%	0%
Health and safety training coverage rate	%	100%	100%

## Public Welfare

Indicator	Unit	2023	2024
Total charitable contributions	million RMB	42.87	1.47

## **About This Report**

This report is the second sustainability report of Jiangsu Yuyue Medical Equipment & Supply Co., Ltd. (hereinafter referred to as "Yuwell Medical"). It is prepared in accordance with the principles of objectivity, standardization, transparency, and comprehensiveness, and presents the Company's philosophy, management practices, and performance in the field of sustainable development, while fully addressing key issues of concern to stakeholders.

#### **Reporting Scope**

The report highlights the information and key performance of Yuwell Medical and its subsidiaries in fulfilling governance, social, and environmental responsibilities in 2024.

## **Definition of Terms**

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

## Timeframe

This report covers the period from January 1, 2024, to December 31, 2024, with certain content moderately extended to previous and subsequent years. This report is an annual report.

## **Basis of Preparation**

This report has been prepared with reference to the GRI Standards issued by the Global Sustainability Standards Board (GSSB); the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (Trial); the Self-Regulatory Guidelines No. 3 for Listed Companies on Shenzhen Stock Exchange — Preparation of Sustainability Reports (Trial); the European Sustainability Reporting Standards (ESRS); the national standard Guidance on Social Responsibility Reporting (GB/T 36001-2015); and the United Nations Sustainable Development Goals (SDGs).

## **Reporting Principles**

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

## Source of Information

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

## Assurance of Accuracy

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

## Access to the Report

This report is published in both print and PDF formats. The electronic version is available on the official website of Yuwell Medical (www.yuwell.com) and on CNINFO (www.cninfo.com. cn). In our ongoing efforts to improve our reporting process, we value your feedback and suggestions. Should you have any questions or suggestions regarding this report, please contact us via email at yuwellzqb@yuyue.com.cn or by phone at 0511-86900876.

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## **GRI Content Index**

Statement of Use	This report has been prepared with reference to the GRI Standards by Yuwell Medical. The reporting period covers January 1, 2024, to December 31, 2024.
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2024 Sustainability Report



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