

稳健医疗



2020 Corporate Social Responsibility Report

Winner Medical

Stock code: 300888

Caring for Health

Building a Better Future

Purcotton
全棉时代

winner
稳健医疗

PureH2B
津梁生活

About This Report

Introduction

This report is the first annual corporate social responsibility (CSR) report of Winner Medical Co., Ltd. (hereinafter referred to as "Winner Medical", the "Company", "We" or "us"). This report truly and objectively describes the efforts of Winner Medical and its subsidiaries to perform its corporate social responsibilities in 2020, and focuses mainly on the disclosure of the Company's performance in society, environmental protection and governance.

All the currency involved in this report refers to Renminbi ("RMB").

Abbreviation

Winner Medical or the Company refers to Winner Medical Co., Ltd., which is the reporting entity.

Purcotton refers to Shenzhen Purcotton Technology Co., Ltd., a subsidiary of the Company.

PureH2B refers to Shenzhen PureH2B Technology Co., Ltd., a subsidiary of the Company.

Scope of this Report

Reporting Period: January 1, 2020 to December 31, 2020 (hereinafter referred to as the "Reporting Period"). Unless otherwise specified, this report is prepared on an annual basis.

Scope of reporting entities: Unless otherwise stated, this report covers Winner Medical and its subsidiaries.

Basis of Preparation

This report is prepared with reference to the "Guidelines of Shenzhen Stock Exchange on Environmental, Social Responsibility and Governance Information Disclosure of Listed Companies (RFC)" released by Shenzhen Stock Exchange, Appendix XXVII "Environmental, Social and Governance Reporting Guide" of the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong", as well as part standards set forth in the Global Reporting Initiative Standards (GRI Standards).

Confirmation and Approval

This report is approved by the Board of Directors on April 16, 2021 after being confirmed by the management.

Access to this Report

This report is originally published in Chinese and shall prevail in the event of any inconsistency with the English translation. The original version of this report can be downloaded from the Company's official website (<http://www.winnermedical.cn>).

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Enjoy Healthy Life

爱生活 爱健康

Message from Chairman

The year 2020 marked an eventful but promising year.

After the sudden outbreak of COVID-19, Winner Medical has responded quickly and provided targeted support to Wuhan in the battle, going to great lengths to provide PPE for heroes in harm's way. After the pandemic in China was effectively controlled, we deliver masks and protective clothing to hardly-hit countries like Italy, France, the United States, Japan, and Singapore. We have become China's driving force in the global fight against the pandemic.

In 2020, Winner Medical was successfully listed on the ChiNext, sharing our bonus from corporate development to investors. Less than a year since the listing, the Company received a total of nearly 1,000 institutional investors, attracting high market attention. This represents the deep trust, motivates us to keep moving forward, and allows us more determined to adhere to the mission of "Caring for Health and Life, Making A Better World" and "Cotton Changes the World".

Marching Forward to Fight Against the Pandemic

"Quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value" are the core principles of Winner Medical.

Adhering to the idea "Time is life", Winner Medical is always at the forefront of the fight against the pandemic. After the outbreak of the pandemic, as a manufacturer of urgently needed medical protective materials in the front line, the mask workshop of Winner (Huanggang) as well as the protective products workshop of Winner (Jiayu) and Winner (Chongyang) kept operating during the Spring Festival to ensure the production and supply of the protective materials. Overcoming the huge impact of raw material shortage and price rise on the production, we launched the production bases in Huanggang, Chongyang, Jingmen, Jiayu, Shenzhen and Wuhan, achieving multiple expansion of the production capacity.

As of January 26, 2020, we had produced 108.9 million face masks and 114,000 suits of protective clothing; As of March 31, nearly 300 million masks, 3 million pieces of protective clothing; As of May 31, 700 million face masks, 5 million pieces of protective clothing, and 5 million surgical gowns and isolation gowns. The vast majority of the protective materials were delivered to the hospitals and pandemic prevention institutions with the most urgent need in China. By the end of December, nearly 4 billion masks and more than 86 million protective, isolation and surgical gowns had been delivered to the severely-hit regions across the world. Winner Medical has continuously set new records in terms of output, quality and delivery speed, making due contributions to the success of China's fight against the COVID-19 and shouldering its responsibility for helping China fight against the COVID-19 internationally. As a leader of Winner Medical, what most gratifies me is that at the initial stage of the fight against COVID-19, the employees of Winner Medical bore in mind the greater good, making dedication and rendering firm support to the frontline fight against COVID-19.

Over more than 180 intense days and nights with 24-hour on-call, no one backed down, let alone a word of complaint. As the saying goes, "the strength will be given full play in difficult moments and a friend in need is a friend indeed".

Remaining True to the Original Aspiration to Build a National Brand

In the first decade since the establishment of the Company, we took the lead in introducing the advanced foreign quality management systems, proposed the concept of "laying equal emphasis on quality and efficiency, and focusing on both production environment and cost management" in the production process, and led the industry to practice high standard and high-quality development, making Chinese medical dressing products the first choice for hospitals and medical institutions in Japan and in developed countries in Europe and America. This is what we started out with.

In the latest ten years, Winner Medical has insisted on practicing independent innovation, and has achieved multiple transformations and upgradings one after another from Chinese manufacturing to Chinese creation, from OEM to independent brand, from single international trade to international and domestic markets, and from manufacturing to simultaneous development of retail, from medical and health to life health and home care. All of this comes from our concept of producing

products "relieving pain, satisfying customers' practicality, and improving consumers' sense of experience and value", comes from our reverence for life and continuous pursuit of healthy and high-quality life.

Although a good product may not create a renowned brand, we firmly believe that a renowned brand must be based on good product. We also believe that "renowned brand = good product + excellent value + favorable marketing model". In the next decade or more, we will move forward unswervingly to build a renowned brand.

Being Down-to-earth to Fulfill the Dream of Pure Cotton

Rooted deep in the earth like cotton, Purcotton focuses on the pure cotton field and insists on presenting pure cotton products of medical quality to the vast number of consumers.

Since the first cotton soft tissue was produced by Purcotton in 2009, we have sold 13 million pure cotton garments and bedding products, 21.5 billion cotton soft tissues, and 6.8 million environmentally-friendly non-woven shopping bags, which is equivalent to reducing the use and emission of tens of thousands of tons of chemical fiber and protecting tens of thousands of trees from being cut down. This is an environmentally friendly development innovation.

Purcotton, based on the research and application of a fiber, has maximized the value of cotton, creating a trend for customers to return to nature and love natural cotton, so that our lives are healthier and better and the Earth is more sustainable. Over the past 12 years, Purcotton has spared no effort to promote the environmental value of the cotton and the significance of pure cotton life and insisted on doing something of value to consumers and society. With the concept of "close to medical science with 100% cotton care", Purcotton is blooming all over China and we will work together to promote the continuous development of the cotton industry, to create a brilliant cotton industry, to achieve the dream of "Cotton Changes the World".

Aiming High to Build a Global Blueprint

The year 2021 is a critical year for Winner Medical to accelerate the transformation and upgrading, deepen enterprise reform and achieve higher quality development. In the context that the global economy is being rejuvenated and recovered and the 2020 Central Economic Work Conference listed "peaking carbon dioxide emissions and achieving carbon neutrality" as one of the key tasks in 2021, we have deeply realized that only by actively adapting to the requirements of high-quality development in the new era and fully understanding the new pattern of industrial development, can we firmly seize the deterministic development opportunities amidst the uncertain factors in the post-pandemic era.

Over the past three decades, for Winner Medical, a company with such three brands as Winner Medical, Purcotton, PureH2B and attempting to achieve the coordinated development of medical and consumer sectors, the so-called certainty is the dedication to the vision of "Caring for Health and Life", the perseverance and commitment to doing everything properly and perfectly, and is embarking on the development path "insisting on innovation, focusing on the main business and being friendly to the environment". In the future, we will unswervingly continue implementing the innovation-driven high-quality development strategy, strive to build a resource-conserving and environmentally-friendly development model, constantly improve our social responsibility system, and truly practice the development vision of "Making A Better World" and "Cotton Changes the World".

Fear not the strong pass iron-clad on all sides! The summit's now surmounted with big strides. Winner Medical will continue upholding the development principles of "quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value", and strive to promote the progress of medical consumables, to provide consumers with better products, and to explore more beneficial practices for the benefit of mankind.

What's past is prologue; and what to come, in yours and my discharge. Winner Medical will join hands with you to build a powerful China and make remarkable achievements globally.

Chairman: Li Jianquan
April 20, 2021

About Us

Company Profile

Winner Medical Co., Ltd. (stock code: 300888), founded in 1991 and headquartered in Shenzhen, Guangdong Province, China, is a large-scale health company that realizes the coordinated development of the medical and consumer sectors through its three major brands, including "Winner Medical", "Purcotton" and "PureH2B" and is committed to rendering more high-quality life choices for users and consumers and to creating value for a better life.



Winner Medical

Winner Medical, as a medical brand, provides the global medical organizations with leading wound care and infection prevention, sterilization and cleaning solutions and has expanded into the personal care field. It is a major exporter of China's medical consumable products, providing a large number of disposable medical supplies to all parts of the world every year. It is also a benchmark enterprise in China's medical dressing industry. At present, Winner Medical has made its products available in more than 3,000 hospitals and 90,000 pharmacies.



Purcotton

Purcotton, as a brand of daily necessities, has inherited 30 years of medical manufacturing experience and uses pure cotton as raw material to create a series of high-end cotton daily necessities that are healthy, comfortable and environmentally-friendly. It has opened more than 270 company-owned stores in large shopping malls in over 50 key cities such as Shenzhen, Beijing, Shanghai, and Guangzhou, successfully taking the strategic step of "close to medical science with 100% cotton care" from medical area to civil area.

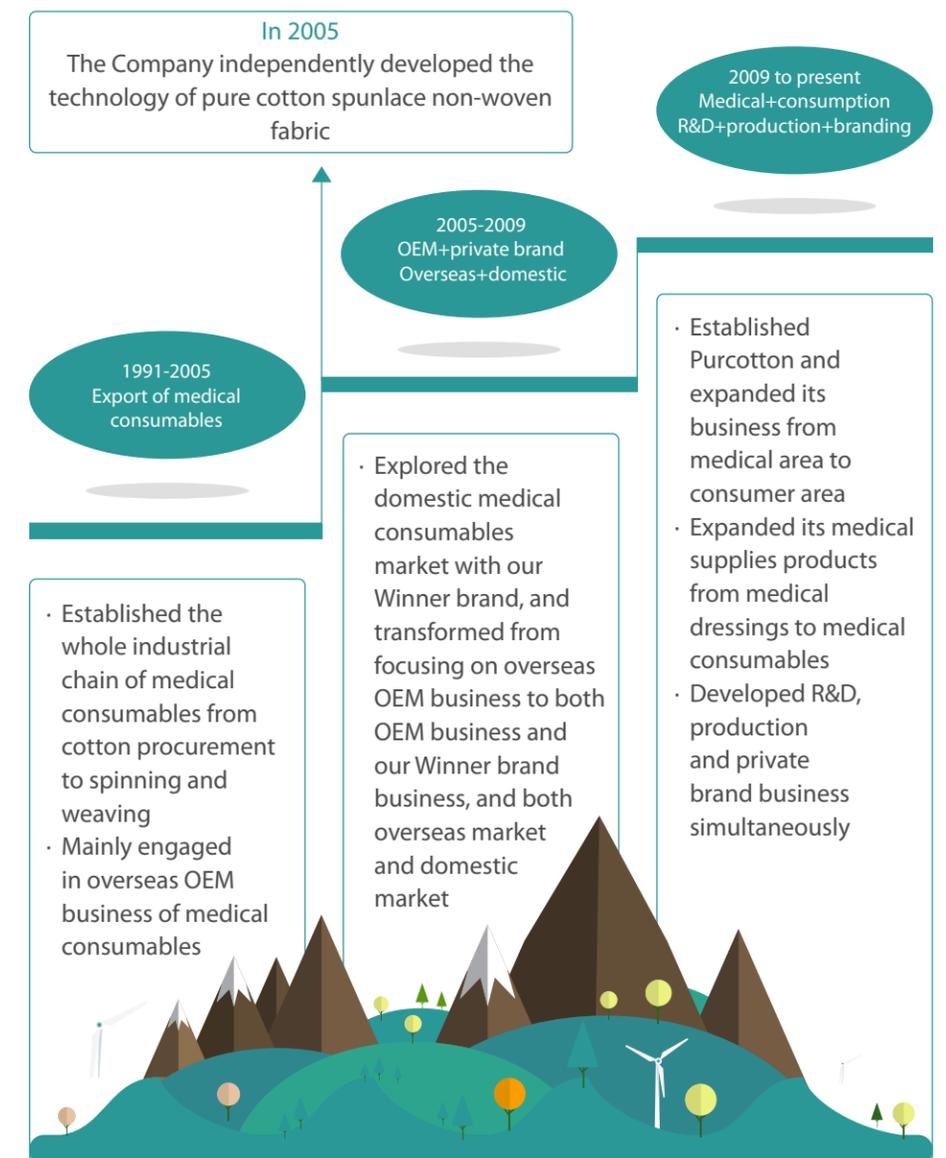


PureH2B

PureH2B, as a healthy and beautiful life platform, provides natural and scientific high-end healthy and beautiful daily necessities, and advocates a healthy and beautiful lifestyle from the inside to the outside. PureH2B strictly controls every product and gathers healthy and beautiful products selected from around the world. It has 8 special product areas for beauty, perfume, care, food, health, home, sports, and beverage, covering healthy and beautiful life scenarios, helping everyone start a healthy and beautiful life easily.

After 30 years of development, the Company continues innovating and expanding the boundaries of the industry. It has grown from a single medical consumables manufacturer to an independent innovation enterprise, covering wound care, infection protection, surgical consumables, personal care, home care, mother and baby care, home textiles and clothing.

Evolution of the Company's Major Business and Major Products



Medical Consumables

Product Production

Starting from market demand, the Company is close to the clinic and the terminal, continues being driven by R&D and innovation, and constantly improves the product layout, with the business covering the sales of single wound care products such as gauze to the sales of integrated solutions including wound care, infection prevention, surgical consumables, and disinfection and cleaning. The Company accelerates the technological innovation and product development by adopting new advanced technologies and techniques.

Sales Channels

The Company has built a global marketing network and sold medical dressings to more than 110 countries and regions around the world. Most of the Company's OEM medical consumables are sold to Europe, Japan and the United States and other developed countries and regions. The "Winner" brand products are mainly sold to Asia, Africa and Latin America and other developing countries and regions. The customers include Mlnlycke in Sweden, Lohmann&Rauscher and Paul Hartmann Ag in Germany and other world-renowned medical supplies company.

Healthy Consumer Products

Product Production

We have continued launching medical-grade consumer products based on the excellent quality control ability and technology research and development ability accumulated in the medical business for many years. Starting from raw materials, the main raw material of Purcotton's core products is global high-quality cotton so that the quality and safety of the products are controlled from the source.

The Company manufactures health care consumer products with reference to the high standards of medical consumables and strictly controls various sources of contamination during production. In addition, the Company also uses medical grade sterilization packaging for some intimate clothing such as disposable underwear and newborn baby clothes to further ensure the safety and environmentally-friendliness of the products.

Sales Channels

Purcotton has built a combination of online and offline omnichannel marketing network. The Company has completed the layout of third-party e-commerce platforms, including Tmall and JD to occupy the mainstream online traffic portal. Moreover, the Company has focused on building the Purcotton website, APP and Mini Program and other self-operated online channels, further covering the online consumers. At the same time, Purcotton has opened nearly 270 chain stores in high-end shopping centers in over 50 key cities such as Shenzhen, Shanghai, Beijing, and Guangzhou. The core products have been commercially available in around 9,000 outlets of the major channels. The complementary advantages of online channel convenience and offline channel consumption experience can comprehensively meet the needs of different consumers in different shopping scenarios, making online and offline customers effectively attracted.

|| Purcotton has opened nearly **270** chain stores in high-end shopping centers in over **50** key cities such as Shenzhen, Shanghai, Beijing, and Guangzhou. The core products have been commercially available in around **9,000** outlets of the major channels.

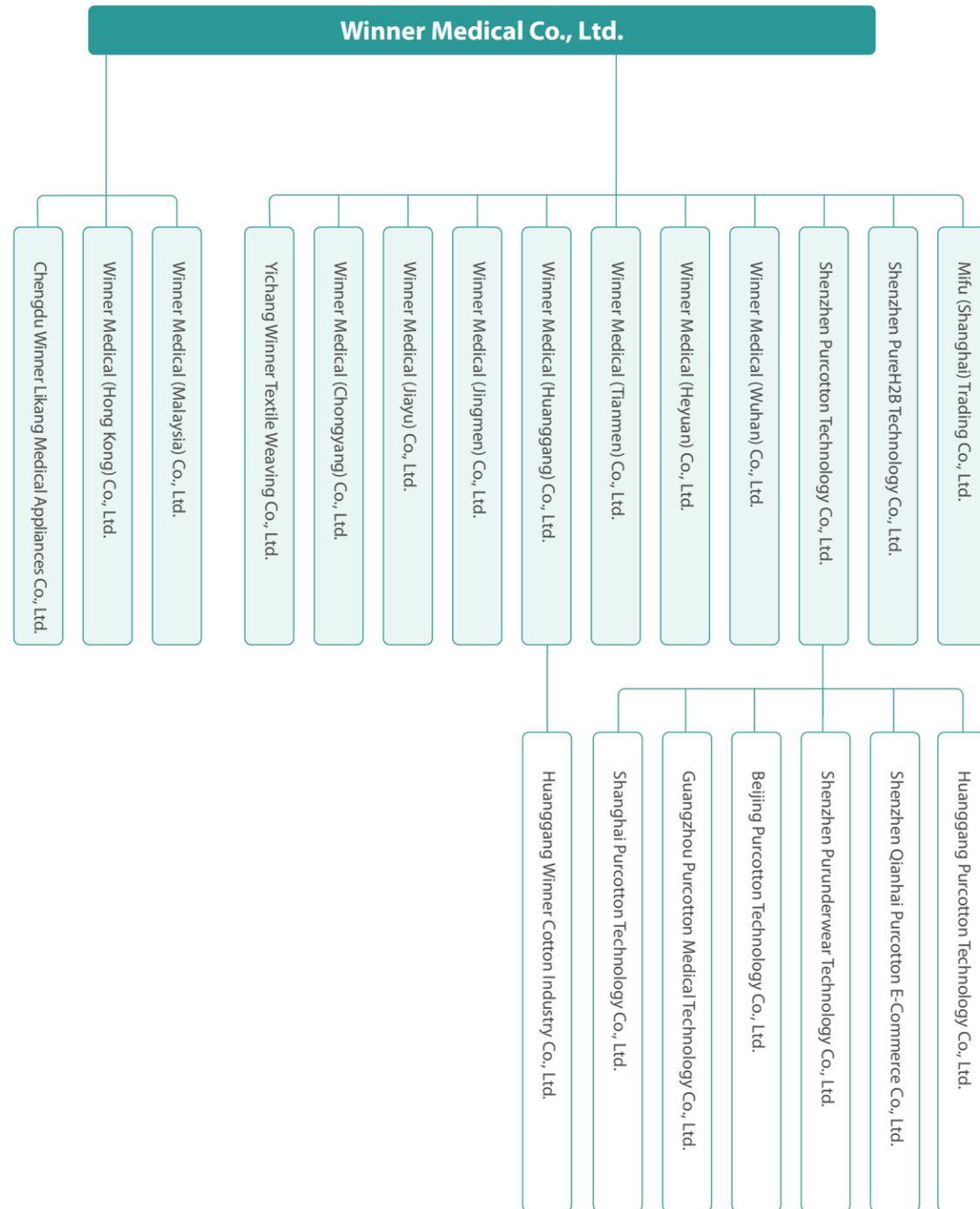
Development History

Winner Medical



Company Structure

Currently, Winner Medical has 21 primary and secondary wholly owned and holding subsidiaries.



Corporate Culture



Vision:
Cotton Changes the World

Mission:
Leading a healthy lifestyle and becoming a credible Chinese brand

Core Value:
Medical background/pure cotton concept/quality genes



Vision:
Caring for Health and Life, Make A Better World

Mission:
Continuously adopt the latest technology to develop designs to meet people's pursuit of health and beauty

Value:
Putting others before ourselves/assuming responsibility/Solidarity & Cooperation/Innovation/Perseverance/Self-criticism/Sustainable Development



Vision:
Love nature, protect nature, and enjoy nature

Mission:
Impact the mainstream consumer concept with the idea of health and beauty, and attract mainstream consumers with natural products

Core Value:
Natural collections/global selection/infinite life

Three Companies Three Brands

Honors in 2020

Corporate Honors

Time	Award
October 2020	"Baby Cotton Wipes" of Purcotton won "2020 Innovation Design Award in the Safety Care Category" at CBME Products Awards.
September 2020	Winner Medical (Huanggang) Co., Ltd. was awarded the title of "National Advanced Collective in Fighting the COVID-19" by the CPC Central Committee, the State Council and the Central Military Commission.
September 2020	Purcotton was selected as one of the "Top 30 Shenzhen Chain Store in 2019" by Shenzhen Chain-Store & Franchise Association.
August 2020	Purcotton was awarded the title of "Excellent Retailer" in the 15th Commercial Real Estate Festival 2019-2020 by Winshang (http://www.winshang.com/).
August 2020	Winner Medical was awarded "First Advanced Organization in the Prevention and Control of COVID-19 in the National Textile Industry" and "Top 30 Competitive Enterprise in China's Industrial Textiles Industry" at the "Fifth Enlarged Board Meeting of the Fourth Session of China Nonwovens & Industrial Textiles Association".
June 2020	Winner Medical was called "a well-deserved 'ordnance factory' to fight COVID-19" in a letter of appreciation from the Medical Supplies Team of the State Council's Joint Prevention and Control Mechanism Against COVID-19.
May 2020	Purcotton was awarded the plaque of "Guangdong Functional Cotton Products Engineering Technology Research Center" by Guangdong Science and Technology Department.
January 2020	Purcotton was awarded the title of "Outstanding Enterprise in Fulfilling Social Responsibility" by Federation of Shenzhen Industries.
January 2020	Winner Medical was awarded the title of "Advanced Certified Enterprise" by Shenzhen Customs.



Personal Honors

Time	Award
December 2020	The Chairman, Li Jianquan, was awarded the Ernst & Young Entrepreneur Award 2020 in mainland China.
October 2020	The Chairman, Li Jianquan, was honored by the Shenzhen Municipal Government as an "Innovative Entrepreneurial Figure and Advanced Model Figure in the 40th Anniversary of the Establishment of Shenzhen Special Economic Zone".
October 2020	The Chairman, Li Jianquan, was honored as "Advanced Individual of Guangdong Province in the Fight against the COVID-19" by People's Government of Guangdong Province.
August 2020	The Chairman, Li Jianquan, was awarded the honorary title of "40 outstanding individuals in the 40th anniversary of the establishment of the Shenzhen Special Economic Zone" by Federation of Shenzhen Industries.

Chronicle of Events in 2020

- On January 23, Winner Medical set up an emergency command center to fight against the pandemic. After the establishment of the command center, it once again called on all factories of the Group capable of producing medical protective products to operate 24 hours a day. The emergency command center, led by the Chairman, operated for 180 successive days to ensure the supply of pandemic prevention materials.
- On April 25, the Ministry of Commerce, the General Administration of Customs, and the State Administration for Market Regulation jointly issued an announcement on further strengthening the quality regulation on the pandemic prevention materials to be exported, requiring the General Administration of Customs to check and release the products based on the list of the manufacturing enterprises obtaining foreign standard certification or registration, which is provided by the Ministry of Commerce. The medical masks and protective clothing exported by Winner Medical are topped the white paper.
- On May 1, Shenli Shidai Square store in Lhasa, as the first franchise store of Purcotton, officially opened.
- On May 6, China's first national standard on children's masks, GB/T 38880-2020 "Technical Specifications for Children's Masks" was released and implemented. The Company was one of the major drafting organizations and ranked first in the manufacturing enterprises.
- On May 18, IMS 1.0, the digital operation system of Purcotton, was launched, realizing the online unified management of the whole life cycle of each category and the inventory sharing and integrated operation of the official website and stores.
- On September 17, Winner Medical (stock code: 300888) was successfully listed on the GEM of Shenzhen Stock Exchange.
- On November 11, the sales volume of the three major brands of Winner Medical (Winner Medical, Purcotton, and PureH2B) in the "11.11" shopping festival through all channels exceeded RMB 740 million, and the sales volume of masks (devices) in both Tmall Flagship Store/JD Flagship Store topped the list.
- On November 13, the second World Health Expo opened, the Company as the director organization for COVID-19 fight, showed the "global COVID-19 fight samples" and simultaneously displayed such "star" products as "the only box of masks that had not been brought into the ward" and "hand-painted protective clothing of Shandong medical team", which received a lot of attention on the Internet, profoundly interpreting the "spirit of fighting COVID-19" of the Chinese people and Winner Medical.
- On December 16, Winner (Huanggang) received the first registration certificate for Class III medical devices for foam dressings issued by the NMPA.
- On December 16, targeting long-term sustainable development, the Company released its first employee equity incentive plan after listing, granting 5,833,000 restricted shares to 1,036 eligible middle and senior managements and core employees. This plan was lunched first, with the largest number of people, the highest cost by the Company, the highest incentive and the shortest ownership duration, demonstrating the confidence of the enterprise on development.

The "Belt and Road" Initiative For Sustainable Development

On December 10, 2020, the United Nations Global Compact and The Boston Consulting Group (BCG) jointly released the white paper titled "Building Sustainable and Resilient Healthcare Infrastructure in BRI Countries to Accelerate the Sustainable Development Goals", which used the case of Winner Medical's pure cotton spunlace non-woven protective clothing and polyphenylene ether (PPE) "de-plasticized cotton".

Mid-June 2020

Winner Medical became a founding member of the "Belt and Road Platform for Action on Sustainable Healthcare and Public Health Infrastructure" for the UN SDGs.

December 10, 2020

Winner Medical became a signatory to the United Nations Global Compact.

CSR Management

Winner Medical and the UN Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are the 17 global development goals set by the United Nations that will continue guiding global development efforts for 2015-2030 after the expiration of the Millennium Development Goals (MDGs) for 2000-2015.



The SDGs aim to shift to a sustainable development path by thoroughly addressing the three dimensions of development - social, economic and environmental - in an integrated manner. Winner Medical actively responded to the call of sustainable development concept, integrated SDGs core values into its CSR management system, enhanced positive interaction with stakeholders, sought to create new business opportunities, and strengthened its competitive advantage in the industry.

Based on careful study of annual hot issues, national policies and industry trends, the Company responded to and learned from the relevant SDGs and took them as guidelines to carry out a number of projects.

UN Sustainable Development Goals	Project
	<p>New product development</p> <p>"Pure cotton non-woven medical protective equipment" project</p>
	<p>Boosting higher education</p> <p>Establishment of the "Social Innovation Youth Pioneer Scholarship"</p>
	<p>Caring for special groups</p> <p>Helping NGOs to apply for government and charitable funds to support the visually impaired blind community; recommending Zhu Jianhua, the first Hong Kong triathlon athlete with visual impairment in Asia, to participate in the selection of "Hong Kong Spirit Award 2020 - Perseverance Award"</p>
	<p>Social donation and community building</p> <p>Winner Medical donated medical supplies to various medical institutions and government agencies to help fight the pandemic</p>

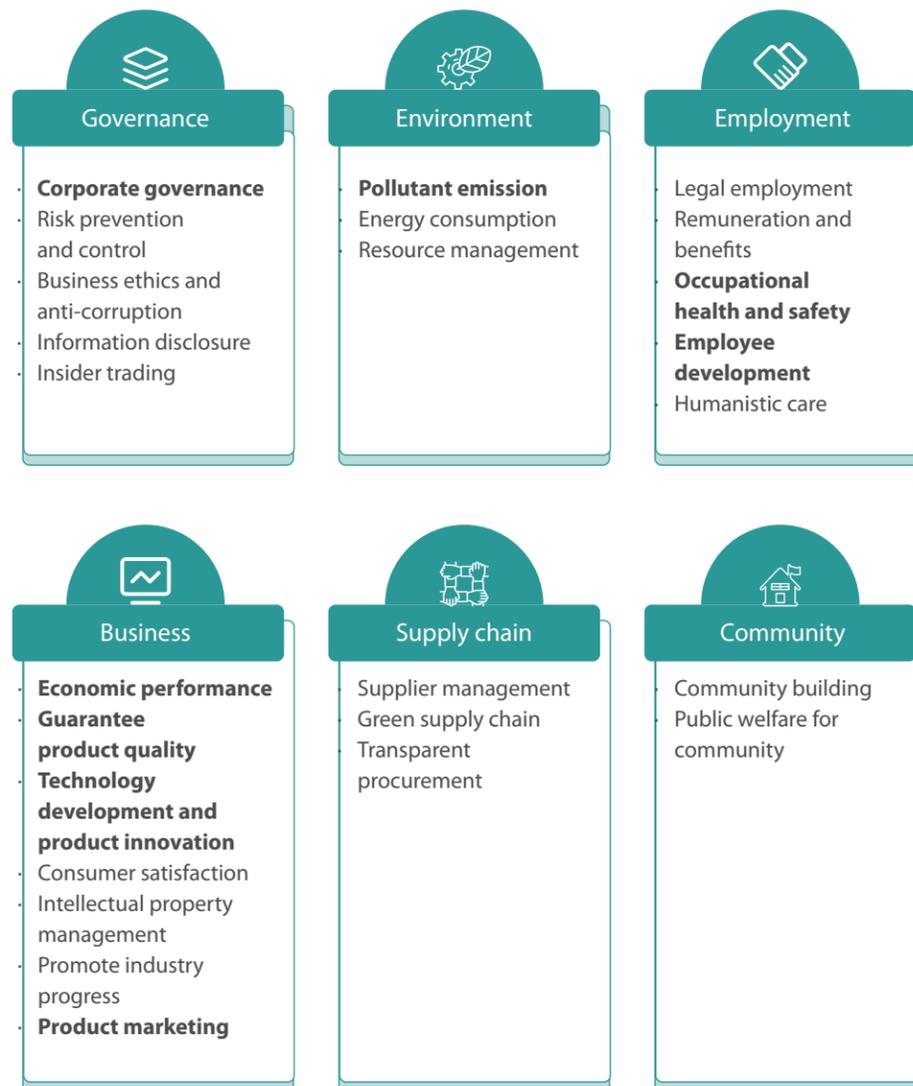
Stakeholder Communication

The Company attached importance to communication with the regulators, investors, consumers and clients, employees, partners and the general public, continuously expanded communication channels, enriched the content of communication, responded to the concerns and demands of all parties, and adjusted its development strategy in a timely manner so that all parties can learn more about the Company, care about the Company and actively participate in and support the development of the Company's business. During the Reporting Period, the Company responded to the concerns of various stakeholders as follows:

Stakeholder	Expectations and Appeals	Response Mode
<p>Shareholders/investors</p>	<ul style="list-style-type: none"> Investment income Risk control Corporate governance Protection of the rights and interests of small and medium-sized shareholders Open and transparent information disclosure 	<ul style="list-style-type: none"> Shareholders' meeting Regular information disclosure Provisional announcements Investor exchange activities
<p>Employees</p>	<ul style="list-style-type: none"> Employee remuneration and benefits Employee promotion Employee training Occupational health and safety Humanistic care 	<ul style="list-style-type: none"> Workers and employees' congress Employee satisfaction survey Employee talks Employee activities
<p>Suppliers</p>	<ul style="list-style-type: none"> Business ethics and anti-corruption Supplier audit Green supply chain 	<ul style="list-style-type: none"> Signing integrity agreement Supplier training Supplier audit/visit
<p>Customers</p>	<ul style="list-style-type: none"> Guarantee product quality Technology and product innovation Customer service 	<ul style="list-style-type: none"> Promote responsible marketing Customer satisfaction survey Consumer online and offline exchange activities Customer complaint mechanism Respond to customer feedback
<p>Governments/ regulatory agencies</p>	<ul style="list-style-type: none"> Operating with integrity Pay tax according to law Contribute to economic development Solving employment 	<ul style="list-style-type: none"> On-site inspection/research Regular communication Regular announcements
<p>Communities</p>	<ul style="list-style-type: none"> Community building Volunteer activities Public charity 	<ul style="list-style-type: none"> News/announcements Volunteer services Regular/irregular exchange

Identification of Substantive Issue

The Company finally identified 25 substantive issues by fully understanding the key areas of concern and major needs of each stakeholder in terms of corporate governance, society and environment through official websites, regular/irregular reports, CSR reports, stakeholder visits and stakeholder communication meetings, and conducting in-depth analysis and discussion through benchmarking with domestic and international peer advanced enterprises and integrating the characteristics of the industry focus.



Note: Issues in bold are of high importance



Responsibility Guarding Life with Perseverance

In 2020, a year witnessing the rapid outbreak of COVID-19, Winner Medical adhered to the core principles of "Quality is superior to profit; brand is superior to speed; social responsibility is superior to corporate value" and quickly responded to the call of the Party and the State to actively help the front line of the fight against the pandemic by maximizing the existing production capacity, rapidly expanding production lines, and accelerating the construction process of new plants to increase the total production capacity of the Company.

Prompt Response

After the outbreak of the pandemic, as a manufacturer for the front-line urgent medical protective materials, since January 10, 380 employees in the mask workshop of Winner (Huanggang) did not take a holiday during the Spring Festival, and since January 20, all employees in the protective products production workshops of Winner (Jiayu) and Winner (Chongyang) kept working during the Spring Festival to ensure the production and supply of N95 masks, surgical masks for medical use, protective clothing for medical use, isolation clothing, nursing masks and other protective materials.

Orderly Organization

On January 23, 2020, Wuhan was locked down, marking the start of a nationwide battle against COVID-19. The Company quickly formulated the one-to-one cadre responsible system of "Measures for Tracking and Management of Employees", mobilized employees urgently and established the emergency command center and "pandemic prevention and control team" to fight against the pandemic, adopted the relative isolation of production park and dormitory area, and the "absolute" isolation of dormitory area and the outside world, and properly arranged the inspection and disinfection work to ensure the safety of employees who resumed work. After more than 180 days of continuous efforts, we successfully commanded and scheduled the smooth production.



H

Before the outbreak of the pandemic, the daily production capacity of masks is **1.5** million;

After the outbreak, the capacity of exceeds **5.5** million;

After the start of the production base in Shenzhen, the daily production capacity of masks exceeds **8** million;

Thanks to innovation and upgrade as well as the expansion of the fully automated production line, the daily production capacity of masks exceeds **15** million.

Production Capacity Guarantee

In the face of material shortage and rising prices, the Company increased raw material reserves through various channels, striving to reduce the impact of rising costs and maintain its production capacity as much as possible to meet market demand.

In order to ensure that the output of medical supplies such as masks, protective clothing and alcohol wipes continues meeting the demand of the front line of pandemic fighting, the Company continuously increased the manpower investment in existing factories to improve production efficiency.

Safety Guard

While rapidly expanding its production capacity, Winner Medical has always adhered to the core principle of "quality is superior to profit" and continued increasing its investment in product quality monitoring. In order to ensure the product quality, the Company has taken improvement measures in terms of production process, production personnel and testing tools to ensure to provide the frontline with medical supplies with guaranteed quality and quantity.

A large number of internal quality personnel were deployed to monitor quality on site at the outsourcing factories to ensure the quality of products of the suppliers is infallible.



The Company executed the incoming material inspection, process inspection and finished product pre-delivery inspection in strict accordance with the "Regulations for the Production Quality Management of Medical Devices". No unqualified product was released.

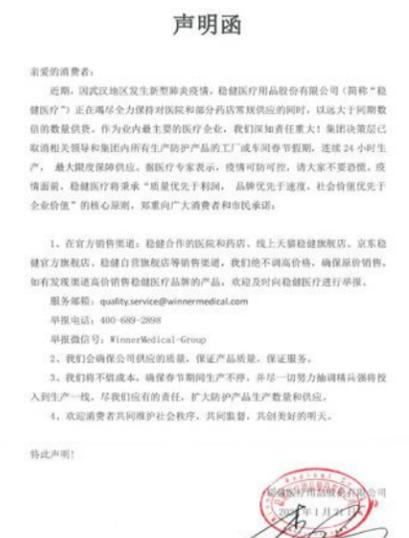
In order to improve the quality and efficiency of product inspection, during the pandemic, the Company purchased protective equipment testing instruments valued at over RMB 2 million, such as mask filtration efficiency tester, mask air resistance tester, mask synthetic blood tester, and protective clothing electrostatic tester.



Practicing Responsibility

Putting Social Value First

After the outbreak of the COVID-19, Winner Medical adhered to the principle of people-orientation and operating with integrity. On January 21, 2020, the Company announced a statement of "no increase in price", and on March 29, the Chairman said that the Company would offer reasonable prices to foreign customers and must adhere to high quality and demonstrate the excellence and value of Chinese manufacturing.



"No increase in price" statement



第一季度，我们团队响应国家号召，全力以赴为国内医护人员、防疫抗疫工作者和广大民众生产和供应口罩、防护服和其防护用品。第二季度，我们将在满足国内需求的同时，尽最大努力为国际社会提供口罩、防护服和其他防护用品。坚持我和我们团队将继续发扬不怕困难、连续作战的奉献精神，为赢得世界性防疫抗疫战争的胜利做出最大努力和贡献！疫情爆发前夕，我们发表公开信，不涨价！虽然生产口罩（和防护用品）的设备和原辅材料涨价数倍，我们咬紧牙关，坚持销售终端不涨价。我们说到做到。今天我仍然要求我们团队，对外报价一定要公平合理，决不卖高价，确保中国制造的口碑和信誉。必须坚持高品质，展示中国制造的优良和价值！要取得最后的胜利，还要坚持锻炼，坚持每周长跑一次！



Announcement on social media

At the same time, in order to ensure the protection and disinfection supplies needed by frontline medical staff, Winner Medical quickly deployed and donated supplies to key medical institutions for pandemic prevention to help the fight against the coronavirus.

Donating Pandemic Prevention Supplies to Help Fight the "War of Defense" against the Pandemic

Winner Medical donated cash to Longhua Charity Association and other organizations, and the total amount of donations for 2020 was over RMB 13 million.

The employees of Winner took the lead in supporting the COVID-19 prevention and control and devoting themselves to public welfare services.



Donating Pandemic Prevention Supplies to Help Fight the "War of Defense" against the Pandemic

At the early stage of the COVID-19, Winner Medical noticed that the medical staff had facial indentations and even wounds due to wearing protective masks and goggles for a long time, so it donated 36,000 medical hydrocolloid dressings to more than 20 key hospitals for the pandemic treatment. Since then, the Company also organized the donation of 700,000 medical masks, 10,000 "urgently needed" N95 masks, 60,000 Purcotton sanitary napkin pants, 40,000 disposable underwear, more than 7,000 pieces of warm underwear and other materials to major hospitals and government agencies.



The 3rd Chinese Physician's Day held on August 19, 2020 was of great significance. Winner Medical donated about 2 million "COVID-19 fighting commemorative" masks to more than 100 hospitals across the country so as to pay tribute to the medical staff fighting on the front line of COVID-19 prevention and help create a good atmosphere of "respecting medical staff and focusing on health" in the whole society.



Letters of Thanks from Various Parties

During the most severe period of the pandemic, Winner Medical provided a large amount of medical protective equipment to provincial and municipal governments, hospitals and various enterprises and institutions, providing effective safety guarantee for medical staff and volunteers fighting the pandemic in Hubei Province and other places. The Company then received letters of thanks from 16 organizations, including the Hubei Provincial Headquarters on Pandemic Prevention and Control, Nanjing Municipal Commission of Development & Reform, and the University of Hong Kong - Shenzhen Hospital, expressing their gratitude and affirmation of the Company's efforts for fighting against the COVID-19.

In addition, Winner Medical, Winner Medical (Chongyang), Winner Medical (Wuhan), Winner Medical (Huanggang) and Winner Medical (Jiayu), for their outstanding contributions to the fight against the pandemic, also received letters of thanks from COVID-19 prevention and control headquarters from different regions. Winner Medical was highly appraised by the Central Leading Group for COVID-19 Prevention and Control of the State Council as a well-deserved "ordnance factory" to fight COVID-19; Winner Medical (Huanggang), a subsidiary of Winner Medical, was also the only enterprise in Hubei Province that has been awarded the title of "National Advanced Collective in Fighting COVID-19" by the Central Committee of the Communist Party of China, the Central Military Commission and the State Council.



Thanks letters received by Winner Medical and its subsidiaries



Paying Tribute to the Employees of Winner Medical - Ordinary Heroes, Selfless Perseverance

On January 21, Winner Medical issued a Statement Letter on its official website, stating that the company has announced the cancellation of the Spring Festival holiday of the leaders and the employees of the factories and production workshops of protective products, and the adoption of an 24-hour production mode to maximize the protection of medical supplies, regardless of the cost.

Under the mobilization of the Company, many employees returned to work during the Spring Festival and worked overtime to deliver more medical masks and protective clothing to the frontline medical staff and consumers in the shortest time, practicing the responsibility of serving the society with practical actions.



Zhang Shu'e, A Workshop Foreman, Walking Back to the Company for 5 Hours Overnight on the Eve of the Lunar New Year

Zhang Shu'e, from Ezhou, a foreman of the mask workshop in north zone of Winner Medical (Huanggang), could have taken the rare opportunity to go home and spend time with her family during the Spring Festival. However, the sudden outbreak of COVID-19 disrupted Zhang Shu'e's Spring Festival plan. On January 10, the Company called on the mask workshop to work overtime during the Spring Festival for the first time and Zhang Shu'e made active response without delay. On the Eve of Lunar New Year, Zhang hurried back home for a reunion dinner with her family. After that, she said goodbye to her family in tears and returned to work overnight. That night, there was no bus available and no taxis stopped to take her, so she had to walk more than 5 hours to the Company and returned to the production line.



Zhang Shu'e - workshop foreman



Liao Chongyuan, Workshop Director, Being on Duty in Spite of Illness and Improving the Production Process

Liao Chongyuan, the director of a sterilization workshop of Winner Medical (Chongyang), was on duty from the 30th day of the 12th lunar month to the first day of the first lunar month. During his work, he suffered from multiple times of stone attacks, but he had been sticking to his post without complaint. Through continuous thinking and experimentation, he finally succeeded in identifying a way to shorten the sterilization time of protective clothing and increase the sterilization capacity, laying a solid foundation for the rapid supply of medical protective clothing.



Workshop director Liao Chongyuan is proofreading the data



Retired Quality Inspector, Xie Aizhen, Returning to Her Post

In late January, the pandemic became increasingly intense. When Xie Aizhen, who had retired, learned that there was a shortage of quality inspector in the workshop and qualified personnel were needed to guide production, she immediately applied to the Company for checking in for work again. After her family failed to persuade her into staying at home, Xie Aizhen set out on the second day of the first lunar month to rush back to the factory. Because the road was closed, she walked more than 10 kilometers with her luggage to the highway entrance to take the Company's bus.



Xie Aizhen, quality inspector is guiding production in the production workshop

Xie Aizhen said, "Every day, drinking less water, reducing the frequency to go to the restroom, changing the mask one less time, and saving one more protective clothing can protect the life safety of more COVID-19 fighters and common people and I am gratified for that."

"Ordnance Factory" to Fight the COVID-19

- By January 26, Winner Medical had supplied 108.9 million masks and 114,000 protective clothing to the society in total;
- By March 31, Winner Medical had supplied a total of nearly 300 million masks and 3 million protective clothing to the society;
- By April 30, Winner Medical had supplied a total of 400 million masks and 4 million protective clothing nationwide; at the same time, it helped the global COVID-19 fight, and exported 70.34 million masks and 640,000 protective clothing to the severely affected countries such as Italy, Germany, USA, Spain, Singapore, Japan, fulfilling the call of a community with a shared future for mankind;
- By May 31, Winner Medical had supplied a total of 700 million masks (500 million domestically and 200 million overseas), 5 million protective clothing (4 million domestically and 1 million overseas), and 5 million surgical gowns and isolation gowns worldwide;
- By June 30, Winner Medical had supplied a total of 1.08 billion masks, 5.65 million protective clothing, 5.3 million isolation gowns, and 2.8 million surgical gowns worldwide;
- By September 30, Winner Medical had supplied a total of about 2 billion masks, 6.6 million protective clothing, 46.99 million isolation gowns, and 16.28 million surgical gowns worldwide;
- By December 31, Winner Medical had supplied nearly 4 billion masks, 9.39 million protective clothing, 56.9 million isolation gowns and 20.19 million surgical gowns, and donated medical materials valuing RMB 13 million to domestic and overseas medical institutions and governmental prevention and control headquarters.

01

Profession - Serving the Society

-  Ingenious Products P23
-  Quality Management P27
-  Technological Innovation P33
-  Customer Service P39
-  Industry Progress P48

Winner Medical is devoted to providing customers with commitment for expertise and ease of mind in the medical and civil fields and building a trustworthy image as an industry leader. The Company adheres to the core principle of "quality is superior to profit", takes excellent quality as a solid foundation for development, and continues performing basic material research and product innovation to meet the pursuit of corporate users and individual consumers for higher quality of life, lead the industry progress, boost the development of the industry, and maximize the "power of cotton".

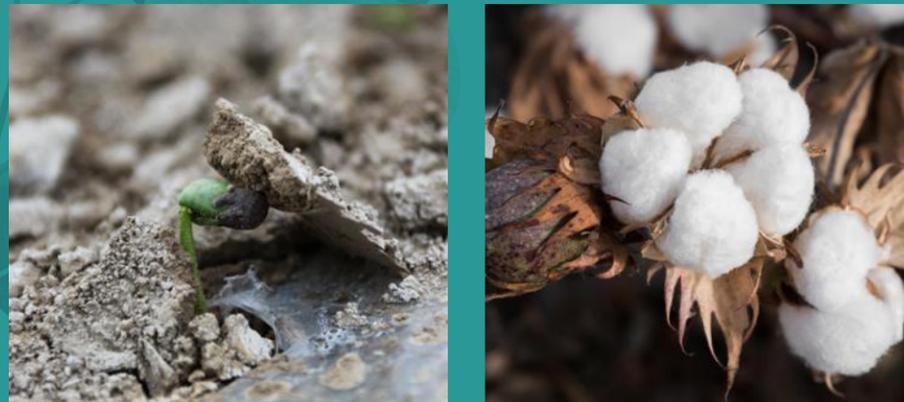


Ingenious Products

Cotton is a textile fiber that does not need any processing and grows naturally. It is friendly to the human body and comfortable to wear. It can be naturally degraded after being discarded and is also friendly to the environment. Therefore, the Company insists on using cotton as the core raw material to provide users with good user experience and at the same time achieve ecological protection of the environment and resources.

History of Cotton

In 1929, archeologists found cotton seeds coming from around 7,000 years ago in Mehrgarh, representing the growth suitability of the earth for the cotton. As long as the environment is suitable, cotton will grow like a perennial plant with an ever-extending vitality. Seedling emergence, budding, and vomiting are cotton's feedback to the nature and the earth and also a natural and sustainable genetic power deeply rooted in the cotton vein. Cotton absorbs carbon dioxide and releases oxygen for life on earth through photosynthesis. The cotton growing on the planet annually can absorb the exhaust gases equivalent to the amount emitted by 7.5 million passenger vehicles. Cotton has strong vitality. Even in the arid, saline desert and gobi, it can take root, sprout, blossom and bear fruit. It can resist wind and sand, alleviate the process of desertification on the earth, prevent soil and water loss, and turn barren into oasis. Even in its wilting moments, the cotton gently nourishes the earth - it naturally degrades into organic fertilizer several months after being buried in the earth, showing its great contribution to the world.



The three brands, namely Winner Medical, Purcotton and PureH2B continue providing innovative, diversified, safe, healthy, and high-quality products, and strive to create greater social value while satisfying the needs of users for trust, security, and a better life.

Ten benefits of cotton

-  Natural fiber
-  Fiber with a long history
-  Drought-tolerant crop
-  Salt-tolerant crop
-  Environmentally-friendly natural fiber
-  Sustainable natural fiber
-  Natural fiber with positive energy
-  Safe natural fiber
-  Excellent permeability comfort heat retention
-  Socially valuable crop

Craftsmanship of "Winner Medical"

"Winner Medical" takes quality as its responsibility, leading the Company and the medical dressing industry to develop from small-scale to large-scale, from domestic to global, from low-quality & low-price to high-quality, and has been recognized by consumers in developed countries and has become their first purchase choice. It is one of the leaders in the medical consumables industry in China. With the brand vision of "Caring for Health and Life, Making A Better World", Winner Medical continues innovating and making breakthroughs and expanding its product line to provide a full range of health solutions from the medical professional market to the mass consumer market.

Winner Medical pioneered the independent research and development of pure cotton spunlace non-woven fabric technology, and developed surgical kits, foam dressings, silicone gel dressings and other high-quality and high-performance medical products. This not only promoted the transformation of China's medical consumables industry, but also proved to the world the core spirit of independent innovation and self-reliance of Chinese enterprises, and demonstrated the determination and perseverance of Chinese enterprises to persist in industrial upgrading and brand upgrading.

Five product categories of Winner Medical



Cotton - a treasure

Vein, etc.

Vein/bract/intraflower:
There are 3 types of nectaries: vein, bract and intraflower

Cotton leaf

Can be used as comburent and fertilizer

Boll hull

Can be used as a medicine since it can warm the stomach, lower the adverse flow of qi, reduce phlegm and relieve cough

Cottonseed

Cotton seed meal for pastry/cottonseed oil for cooking oil

Cotton stalk

Can be used to make paper

Cotton root bark

Can be used to extract gossypol to make medicinal materials

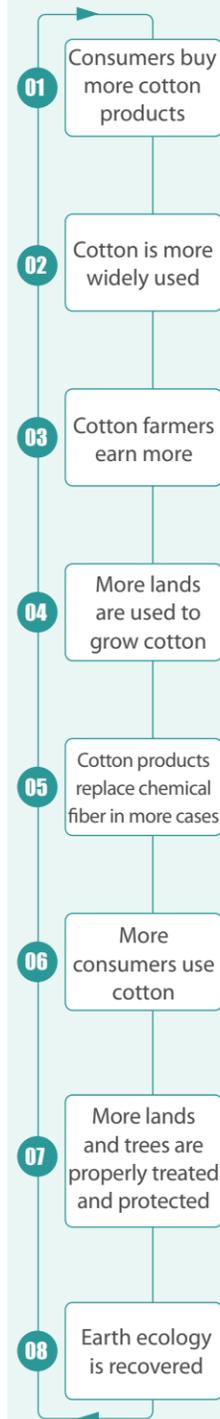
"Cotton" Changes the World

With the vision of "Cotton Changes the World", Purcotton, starting with a single cotton flower, gives full play to the use value and environmental protection value of cotton fiber, replaces chemical fiber with cotton to make consumers embrace nature, and takes the path of sustainable development. From the cotton field to the shelf, from a cotton flower to a piece of cotton soft tissue, Purcotton has now innovated and developed core items such as pure cotton soft tissue, Nice Princess sanitary napkins, Nice baby cotton diapers, and pure cotton wet wipes and seven categories covering cleaning care, nurturing care, feminine care, clothing and apparel, and home life, establishing a strong reputation in the field of maternal and child and daily necessities as well as leading a ease-of-mind, well-being, and sustainable healthy cotton lifestyle.

Purcotton adheres to the spirit of craftsman, and controls the entire industrial chain from cotton picking to processing, production, design, research & development, and terminal sales to provide consumers with ingenious products. As of the end of the Reporting Period, a number of products of Purcotton have passed the standard certification.



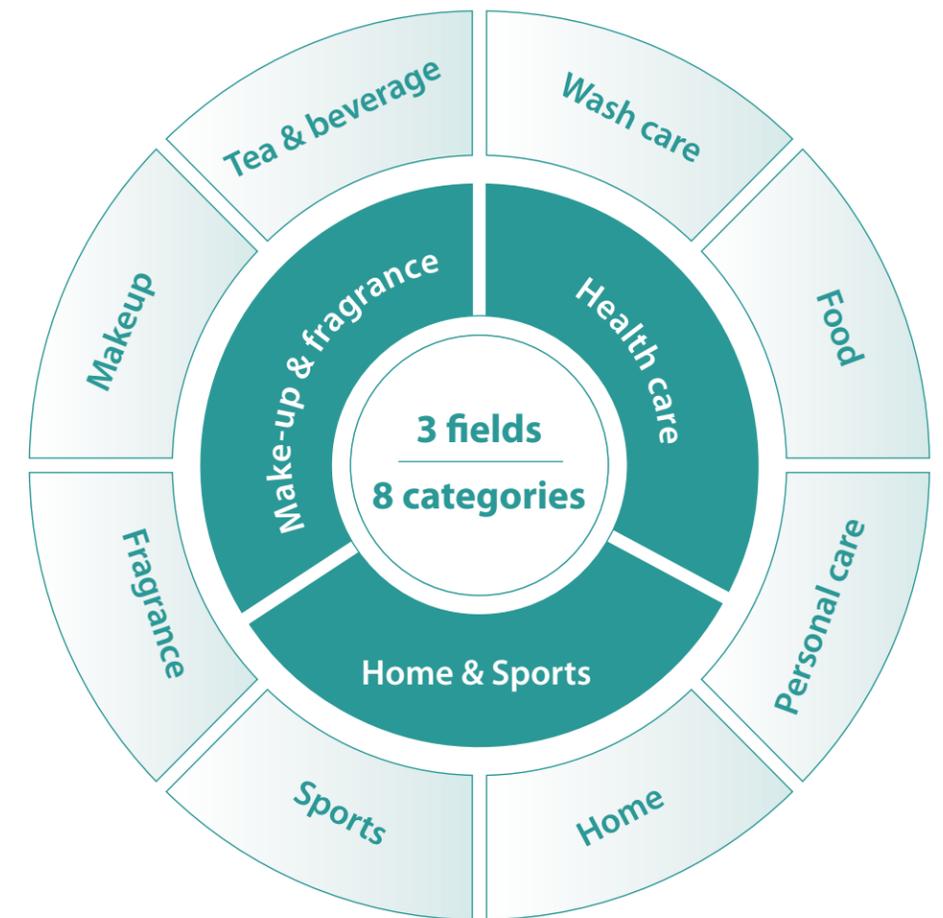
Ecological chain between pure cotton products and the earthly environment



Establishment of "PureH2B"

Based on the concept of beauty, health and naturalness, Winner Medical has launched a new brand, "PureH2B", to meet Chinese consumers' pursuit of a higher quality of life, and strive to create eight categories including beauty, skin care, health care equipment, health-care food, and sports equipment. PureH2B has always insisted on medical-grade quality. It is specialized in selecting among global natural cosmetics and toiletries, healthy food and drugs, excellent experience of 3C, health equipment, and self-developed natural products to satisfy the demands of consumers who both pursue quality life and love health and environmental protection and make consumers really feel rest assured.

PureH2B fully covers healthy and beautiful life scenes



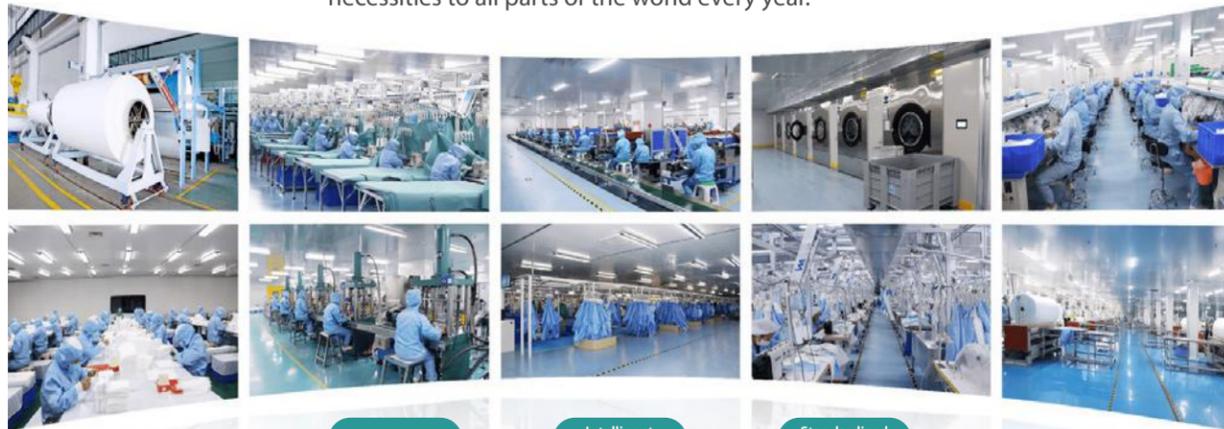
Quality Management

The Company actively promotes standardized management, formulates strict quality management systems and control procedures, and adheres to strict product quality standards to ensure product quality.

Formation of the Company

In the 1980s and 1990s, the quality of medical dressings produced by China was generally low, and they were called "rubbish" by foreign investors. In order to get rid of this disgraceful designation, Winner Medical (Zhuhai) was established in 1991, and the "Winner" brand, an independent medical dressing product, was born. The Company regarded the product quality as its lifeline and was determined to win the reputation in overseas markets for China's manufacturing. The Company has ranked among the top three exporters of medical dressings in China for many consecutive years, and is the first company in the industry to obtain the EU CE certification, the US FDA certification and the certification of Japanese Ministry of Health, Labour, and Welfare.

Since its establishment, the Company has attached great importance to the control capabilities in product quality, cost and delivery and has established the advantages of the whole industrial chain from raw material procurement, production, sterilization, warehousing to delivery. The Company has seven wholly-owned production subsidiaries in Hubei, covering a total area of more than 1,000,000 square meters. The seven factories supply large quantities of high-quality medical supplies and daily necessities to all parts of the world every year.



Clean workshop

Intelligent equipment

Standardized process

The Company's medical consumables meet the quality standards of Europe, America, Japan, China and other regions and have obtained the access qualifications of many countries and regions such as the European Union and the United States. The Company has always implemented strict quality control requirements in the business expansion to the healthy consumer goods market. In addition, the Company's R&D center laboratory has obtained the CNAS laboratory accreditation certificate from the National Accreditation Commission. This illustrates its professional product quality testing capability.

As of the end of 2020, Winner Medical has obtained the following certifications for medical surgical masks and protective masks:

Product	Country/region	Standard	Certification
Medical surgical face mask	China	YY/T 0969:2013 Disposable Medical Face Mask	China Medical Device Registration Certificate
		YY 0469-2011 Medical Surgical Face Mask	China Medical Device Registration Certificate
	European Union	EN 14683:2019+AC:2019 Medical Face Masks - Requirements and Test Methods	European Union Medical Device CE Certification
	United States	ASTM F2100:2020 Standard Specification for Performance of Materials Used in Medical Face Masks	U.S. Food and Drug Administration 510K
Medical 3D protective mask	China	GB 19083-2010 Technical Requirements for Protective Face Mask for Medical Use	China Medical Device Registration Certificate
3D protective mask	European Union	EN 149:2001+A1:2009 Respiratory Protective Devices - Filtering Half Masks to Protect against Particles - Requirements, Testing, and Marking	EU Personal Protective Equipment CE Certification

As of the end of 2020, the Company has obtained the following international system certifications:

Type of certification	Certification body	Certification status
EN ISO 13485:2016	TUV SUD	Scope: Winner Medical and 5 subsidiaries
EN ISO 11135:2014	TUV SUD	Scope: Winner Medical and 3 subsidiaries
EN ISO 17665-1:2006	TUV SUD	Certification for Winner Medical
EN ISO 13485:2016	TUV SUD	Certification for Winner Medical (Wuhan)
EN ISO 11135:2014	TUV SUD	Certification for Winner Medical (Wuhan)
EN ISO 11137-1:2015	TUV SUD	Certification for Winner Medical (Wuhan)
ISO 9001:2015	TUV Rheinland	Certification for 5 subsidiaries, including Purcotton, Winner Medical (Jingmen), Winner Medical (Tianmen), Winner Medical (Jiayu), and Winner Medical (Huanggang)



ISO 9001
Quality Management
System Certification

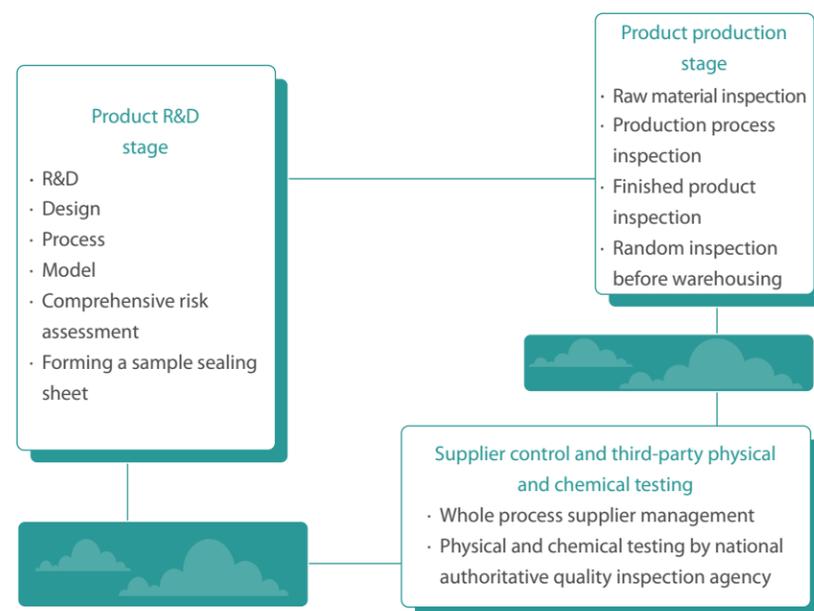
As a benchmarking enterprise in the medical dressing industry, the Company has established a complete quality management system in accordance with ISO 13485 and the "Specification for the Quality Management of Medical Device" and other requirements, providing quality assurance for the whole production activities from the input of raw materials to the output of finished products. Quality inspection includes the on-site quality inspection by the supplier quality engineer (SQE), incoming quality control (IQC), in-process quality control (IPQC), and outgoing quality control (OQC).

For Purcotton, a consumer-oriented company, its core products use global high-quality cotton to ensure product safety from the source. At the same time, the production workshop is strictly managed to ensure strict control of initial contamination bacteria and various sources of contamination.

The Company has formulated rigid and complete quality standards and processes such as the "Management Procedure for R&D Department", the "System for Packaging Material Design Draft Review and First Sample Confirmation", and the "Operation Rules for Review of Quality Sample", and has passed ISO 9001:2015 quality system certification for 3 consecutive years.

The Company has established a quality management center to control the quality of products throughout the whole process from development, production, and supply to marketing, achieving continuous upgrade in product quality and service quality. The Company also applies the microbiological index detection in the medical device inspection to the inspection of Purcotton's products, so that some intimates, baby and child clothing and other sterilized clothes can meet the sterilization standards of medical devices in terms of the total number of bacterial colonies.

Quality Control Process



In addition to controlling the above main quality links, the Quality Management Center also continuously improves the whole process based on the principle of PDCA cycle (that is, Plan, Do, Check, Act) to promote the continuous improvement and enhancement externally and internally.

The Product Quality Management Center holds quality summary analysis meetings quarterly to review the achievement of quarterly quality goals and provides detailed explanation and communication on quarterly quality abnormality cases in terms of standard system, test management, fabric management, non-woven products, woven products, warehouse inspection, and customer complaints, in a move to analyze the causes of quality abnormalities, work out improvement measures, and determine the improvements and precautions for the follow-up work.

During the Reporting Period, the Company implemented the concept of high-quality development, carried out an excellent quality management model, and some existing products were certified to comprehensively improve the quality and comprehensive competitiveness.



Shenzhen Standard
Certificate for Gauze Clothing
Q/QMSD 022-2016



Oeko-Tex Certificate - Cotton Soft Tissue

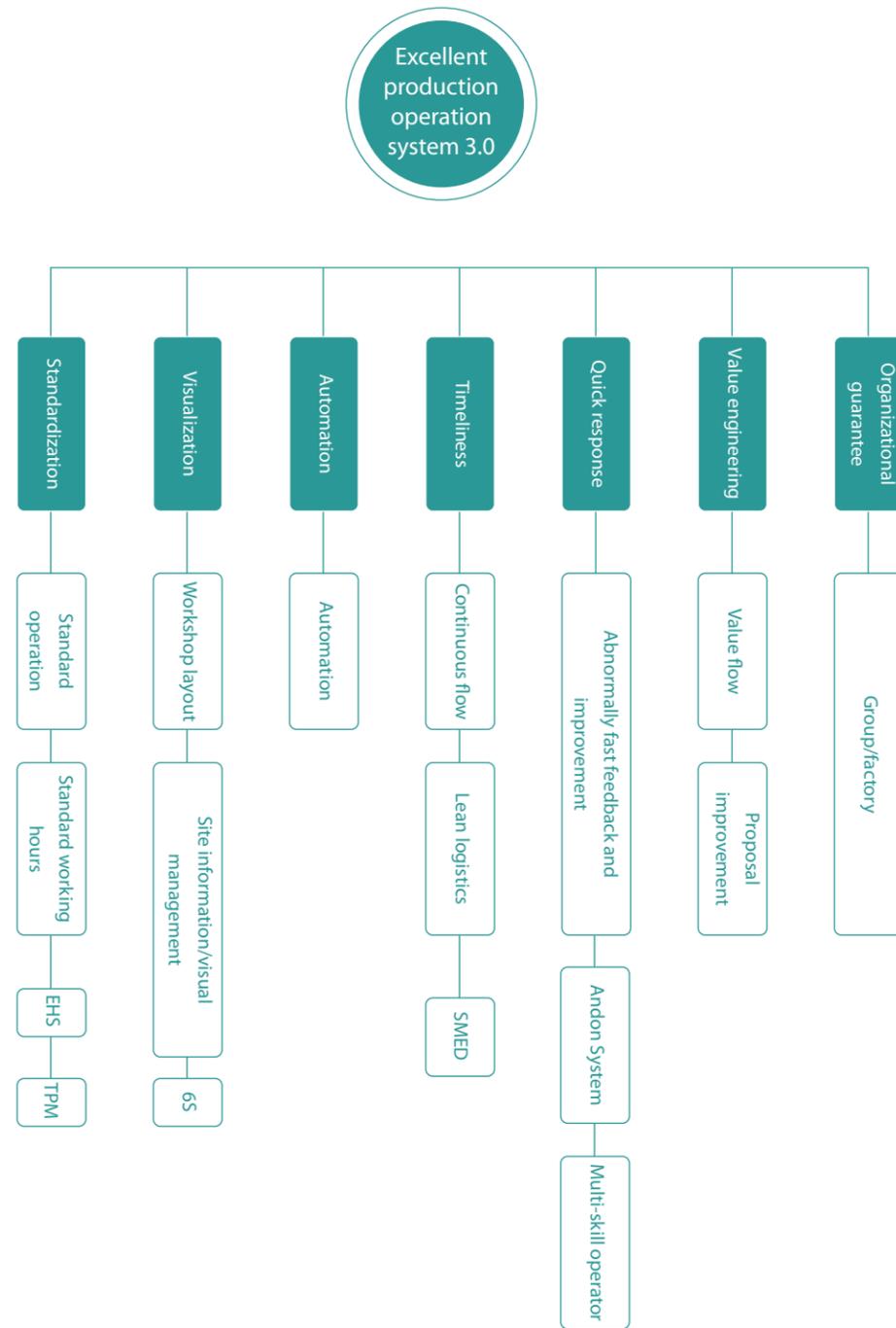


Oeko-Tex Certificate - Baby Gauze
Products



Intelligent Management

During the Reporting Period, the Company realized efficient intelligent management by vigorously promoting the construction of intelligent management, establishing a production intelligent manufacturing center, and improving production quality management and process management with high-tech means.



In order to better implement functional management and digital construction, the Company arranged special training to impart knowledge about platform construction to employees.

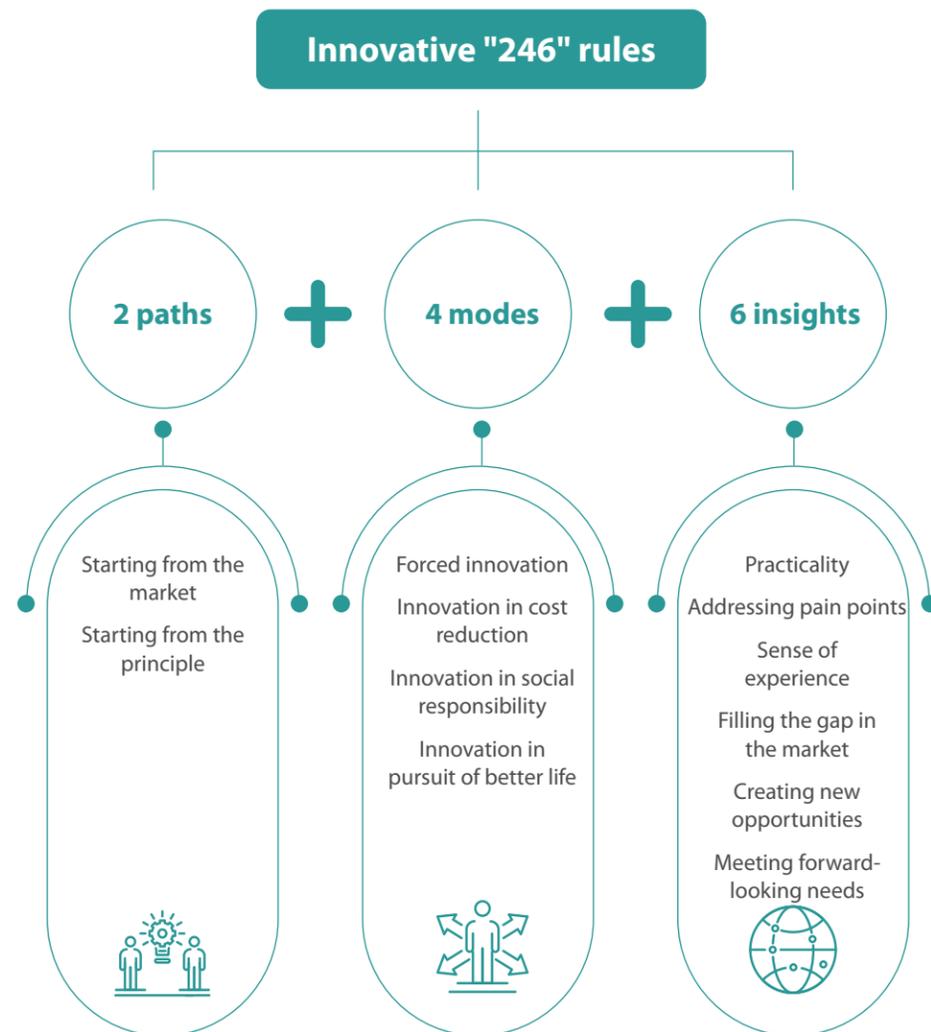
Training on Digital Factory IOT Platform

For the purpose of promoting the construction of the digital platform, during the Reporting Period, the Company organized ideological awareness and practical training for the electrical engineers, equipment chief engineers or managers of each subsidiary, as well as relevant employees of the Equipment Innovation Management Department and IE of the Group. Through the two-day activities covering IOT basic knowledge training and manufacturer's IOT platform product introduction training, relevant participants had a deep understanding and clear cognition of IOT digital platform, laying a sound foundation and paving the way for the future construction of factory IOT platform.



Technological Innovation

Outstanding technological innovation and product development capabilities are important foundations for the Company to achieve sustainable development. In order to ensure efficient technological innovation, the Company has built a sound innovation and research system and summed up the unique innovative "246" principle based on practice. In 2005, the Company pioneered the independent research and development of pure cotton post-bleaching spunlace non-woven fabric technology. Relying on its safety, environmentally-friendliness, and comfort, the Company has successfully applied the technology to infection prevention products such as medical protective clothing, surgical gowns, isolation gowns, and masks, and innovatively developed pure cotton soft tissues, pure cotton wet wipes, pure cotton surface sanitary napkins and washcloth, disposable underwear and other consumer products. Additionally, the Company participated actively in the cooperation of industry-university-research projects, and has been invited to participate in the formulation of several national standards and industry standards to promote the development and progress of the industry.



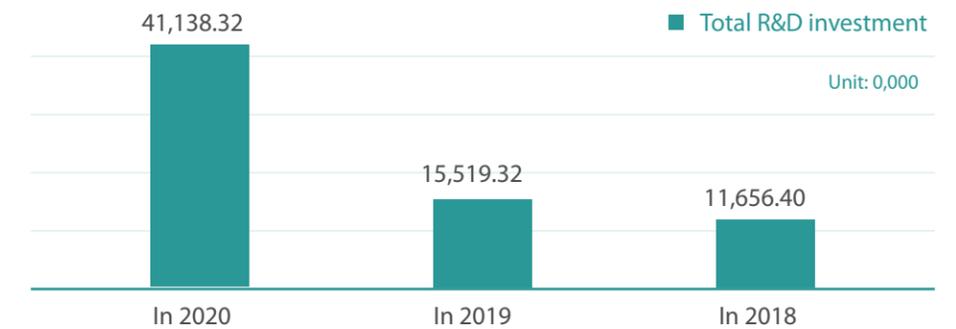
R&D investment in 2020
RMB **411,383,200**

Construction of Innovation and Research System

The Company upholds the concept of environmental protection, adheres to the innovative concept of the "246" principle, and pioneers in the industry with innovation by analyzing potential market needs, addressing the pain points of customers, and enhancing customer experience.

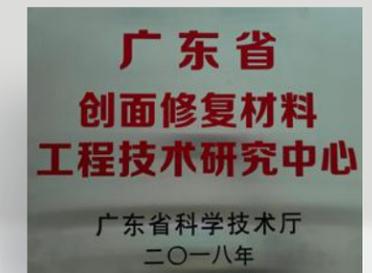
Innovation and Research Platform

In recent years, the Company has continued increasing the R&D investment. In 2020, the total R&D investment amounted to RMB 411,383,200.



Meanwhile, the Company continued optimizing the R&D platform system and carried out a series of major scientific research projects.

- In 2017, the Company and Shenzhen Institute of Advanced Technology, Chinese Academy of Sciences, established the "Joint Laboratory for Novel Technique in Wound Healing Material", undertaking the Shenzhen Technology Research Project "Study on the Technology of Thermo-responsive Self-curing Wound Regeneration and Repair Materials".
- In 2018, it was recognized as "Guangdong Engineering Technology Research Center for Wound Repair Material" by Department of Science and Technology of Guangdong Province.
- In May 2020, two antibacterial wound dressings obtained the 510K registration certificate from the US FDA.



- The Company won the title of "Guangdong Functional Cotton Products Engineering Technology Research Center", becoming a research and development institution with outstanding scientific and technological strength in Guangdong. The Company plays a demonstrative leading role in boosting technological innovation and promoting the transformation of scientific and technological achievements as well as talent training.
- The Company won the titles of "Advantageous Organization of Intellectual Property in Shenzhen" and "Enterprise with Intellectual Property Advantages in Longhua New Area" and Guangdong Patent Excellence Award, becoming a key industry in Shenzhen. It indicates that the Company can undertake major and key industry development projects in Shenzhen, and is an enterprise with the independent intellectual property ability and intellectual property comprehensive strength.



R&D Incentives

The Company attaches great importance to employee innovation incentives and holds innovation conferences on an annual basis to select and reward outstanding innovative projects. Through the establishment of R&D incentives, all R&D employees are encouraged to actively participate in innovative R&D activities and contribute wisdom and strength to the promotion of product development and process improvement.

Staff Innovation Conference

During the Reporting Period, for employees' innovation proposals, the Company held an employee innovation conference to establish a professional review team and an innovation management committee to evaluate innovations in different fields. Innovative proposals put forward by employees will be reviewed and awarded. The winning innovation proposals will be commended at the annual innovation conference; in addition, rewards will be granted to the project team members on an ongoing basis based on their actual value or impact.



II

Innovation incentives include: R&D innovation and project awards, patent awards, and hot product awards.

For patent incentives, quarterly statistics on patent authorization will be made and the patent inventor will be rewarded for patent application and authorization.

II

As of December 31, 2020, the Company has obtained **38** invention patents, **412** utility model patents, **220** appearance design patents in China and obtained **56** invention patents and **5** utility model patents abroad.

Innovation Results

Relying on the focus on innovation, all employees of the Company actively contribute their innovative wisdom and continuously declare intellectual property results. At present, they have obtained a number of patents, rooting R&D innovation in the concept of Winner Medical.

During the Reporting Period, according to the needs of each consumer product line, the innovation system was optimized and the following major innovative research and development results were achieved.

- Over 500 fabrics were newly developed throughout the year
- More than 30 materials were innovated and upgraded
- The development of ultra-multi-layer integrated woven gauze and series products as well as antibacterial non-woven series products was completed
- Breakthrough was made in the development and release of corrosion-free multi-piece wet wipes series products
- The cost reduction and efficiency increase of the super soft cotton soft tissue series were completed

Innovative Product Technology

During the COVID-19 pandemic, in order to address the contradiction between clinical supply and material shortage, Winner Medical took the lead in independently researching and developing pure cotton non-woven medical protective materials from the raw material end, and applying them to medical protective clothing, surgical gowns, isolation gowns and other pandemic prevention products. This not only solves the problem of raw material supply, but also improves the permeability and comfort of anti-pandemic products, which is safe and environmentally friendly.

The product performance of the pure cotton non-woven fabric after coating not only meets the "Technical Requirements for Medical Disposable Protective Clothing" (GB 19082-2009), and the moisture permeability is up to 8,870g/(m²·d), which is 3.5 times of that specified in GB 19082. Thus, it can effectively reduce the possibility of stifling and sweating of the protective clothing, and can be worn directly on the skin with reduced allergy. Moreover, it is very suitable for protective clothing, which needs to be worn for a long time, so that medical staff can provide more focused services in the long-term treatment and nursing.

Application of pure cotton spunlace non-woven fabric in medical protective clothing





After professional three-anti treatment (anti-alcohol, anti-blood, and anti-grease) of the pure cotton non-woven fabric, it can provide all protective effects required during surgery while retaining the comfort of traditional pure cotton materials. The Waterproof and antibacterial properties of the surgical gowns made of such material not only meets the requirements of the domestic industry standard, the "Surgical Drapes, Gowns and Clean Air Suits, Used As Medical Devices, for Patients, Clinical Staff and Equipment" (YY/T 0506.2-2016), and meets the requirements of AMMI-PB70 on Level 1, Level 2 and Level 3 surgical gowns and isolation gowns.

◀ Application of three-anti pure cotton spunlace non-woven fabric in surgical gown

The combination of pure cotton non-woven fabric and blue breathable film contributes to the preventive, permeable and comfortable properties of the material. The properties of the isolating gown made of such kind of material meet the requirements of the domestic standard, "Textiles - Nonwoven Fabrics for Isolation Gowns" (GB/T 38462-2020). If combined with the adhesive strip process, it can meet the U.S. standards of AMMI-PB70 on Level 1, Level 2, and Level 3 surgical gown and isolation gown to provide extra-high protection.



Application of pure cotton spunlace non-woven fabric in isolation gown ▶

Leading the Development of the Industry

The Company attaches great importance to the coordinated development of the industry, not only focusing on its growth, but also constantly pursuing progress and actively contributing to the coordinated development of the industry.

Promoting the Innovative Development of Operating Room Nursing

A new product was released at the 24th National Operating Room Nursing Academic Conference: Pure Cotton Three-anti Barrier Series - "Winner Guard" Surgical Gown. The new surgical gown is made of three-anti pure cotton spunlace non-woven fabric. Its waterproof and anti-bacterial properties on the front chest, hands and other key parts are strengthened, effectively blocking the impact of liquid splashing during the operation and reducing the risk of cross-infection during the operation. At the same time, the new surgical gown uses renewable resource cotton as raw material to practice the Company's sustainable development strategy.

The Company demonstrated the latest operating room solution at the conference, which established an aseptic barrier for surgical staff in the operating room, standardized the operation of aseptic technology in the operating room, improved the quality of nursing in the operating room, and enhanced the quality and safety of nursing in the operating room. This solution is in a leading position in the industry and has been highly recognized by many on-site medical staff.

The Company adheres to scientific and technological innovation and scientific research cooperation and actively carries out "industry-university-research" cooperation projects with major universities, scientific research institutes, and clinical institutions. In recent years, Winner Medical has successively launched strategic cooperation with Hong Kong Polytechnic University, Hong Kong Research Institute of Textiles and Apparel, Wuhan Textile University, West China Hospital, and other institutions.

Cooperation Project with Soochow University, "Study on the Key Technology of Sleeping Comfortable Temperature Scale for Pure Cotton Gauze Quilt"

During the Reporting Period, Purcotton and Soochow University launched a cooperation project titled "Study on the Key Technology of Sleeping Comfortable Temperature Scale for Pure Cotton Gauze Quilt". In the cooperation, the two sides jointly established a comfortable temperature model for Purcotton pure cotton gauze quilts. The optimum temperature of Purcotton gauze quilt provides theoretical basis and reliability reference for consumers to select gauze quilt products, better serves consumers, and inspires the progress of the industry.

Cooperation Project with Wuhan Textile University, "Research and Application Development of New Spinning Technology for Rejuvenation Spinning"

Purcotton and Wuhan Textile University launched a cooperation project titled "Research and Application Development of New Spinning Technology for Rejuvenation Spinning". Through the research of new spinning technology, a pure cotton yarn with soft feel and smooth surface was developed and applied in Purcotton gauze, knitted and woven fabrics. At the same time, as a medium-to-long-term plan, Purcotton plans to cooperate with Huazhong Agricultural University to develop genetic technology research on cotton, and to develop planting technology research with Institute of Cotton Research of CAAS to make cotton the most valuable and sustainable fiber on the earth.



Customer Service

Customers are important stakeholders of the Company. The Company continues maintaining good communication with customers to continuously, timely and accurately understand customer needs and expectations, establish a mutually trusting customer service relationship and smooth communication bridge, and continue enhancing customer value.

Safeguarding the Rights and Interests of Customers

Enhancing Customer Satisfaction

"Continuously meeting the needs of consumers and improving customer satisfaction" is the driving force and direction of the Company's business development. The Company continues creating value for customers, and builds and strengthens customer loyalty to the brand with the advantages of peace of mind, health and sustainability.

Major Measures to Improve Customer Satisfaction

 Service	<ul style="list-style-type: none"> Establishing online social group communication channels to address the member's questions and needs in a targeted manner; Establishing close relation between the salesclerk and the members to understand the needs of customers in a timely manner, quickly address the demands of members, and improve service efficiency; Establishing deeper and warmer emotional relation with customers beyond transaction.
 Product	<ul style="list-style-type: none"> Collecting user feedback to optimize and improve the product accordingly; Developing new products, enriching categories, and providing more product options.
 Membership Rights	<ul style="list-style-type: none"> Delivering blessings to members during holidays; Promoting membership rights through multiple channels and strengthening member recognition to make members enjoy the membership rights of different levels; Reminding points redemption on the 18th day of each month; Presenting gifts to members at the middle/end of the year.
 Activities	<ul style="list-style-type: none"> Organizing online and offline member exclusive activities, and carrying out online member benefit activities such as new product trials, special merchandise seckill, lucky draw in social groups, answering questions and winning gifts; Carrying out offline member benefit activities such as handicrafts, parent-child interaction, and courses.

As a retail brand targeting mass consumers, Purcotton insists on identifying the gap between customer expectations and actual experience through customer satisfaction surveys, and understanding the true status of services to improve the services. At the same time, Purcotton takes timely handling of customer problems and reducing product quality accidents as the most basic responsibility, improves the product quality complaint mechanism, and optimizes after-sales service, in a way to maintain the brand image.

Purcotton performs customer surveys through online questionnaires on a quarterly basis, mainly focusing on basic profiles, behavior habits, attitude, preferences, and channel service satisfaction.

Sorting of Survey Needs

Designing research objectives, optimizing requirements based on the results of the previous survey, and aligning requirements through communication with various channels and categories

Questionnaire Design

According to the survey needs, determining the type of questionnaire, clarifying the main content of the questions, checking and arranging the order of the answers, determining the format and layout, preparing the first draft of the questionnaire by channels, and developing the questionnaire

Questionnaire Distribution and Collection

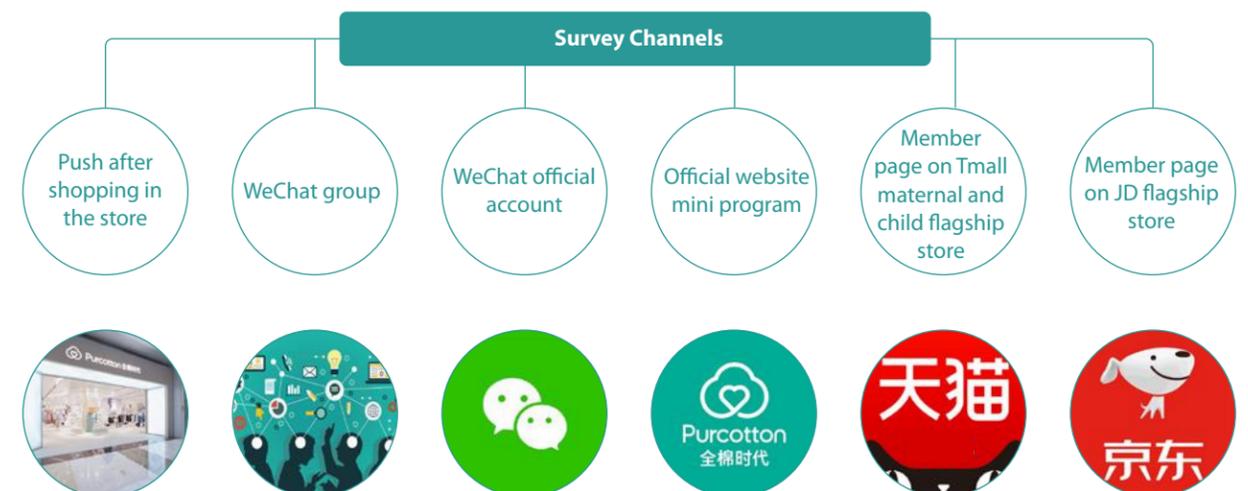
The channels communicate and design the questionnaire benefits, determine the form and time of collection, the distribution plan, distribution by channel, monitor the quantity and quality of the questionnaire, verify the accuracy of data, and eliminate invalid questionnaires

Organization and Analysis

Processing the data, matching member shopping data and user profiles, verifying data accuracy, and analyzing valid information from different dimensions

Output of Report

Setting up the report structure, determining the core content, analyzing and forming opinions, and organizing the report



Consumer Satisfaction Survey

In order to improve the quality of consumer services, learn more about consumer needs and improve services, Purcotton conducted three service satisfaction surveys during the Reporting Period. The results showed that the overall service satisfaction of all channels was on the rise.

Service satisfaction of each channel in Q4:

- Satisfaction with stores, official website and Tmall flagship store services has been improved;
- The service satisfaction of Tmall flagship store increased rapidly, and the score of the official website is higher than 8 points for the first time in the first two quarters.



Response to Customer Demands

The Company attaches importance to customer experience and feelings, has established a reasonable, effective and feasible complaint handling mechanism to quickly respond to customer objections, questions and complaints, maintaining a good brand image.

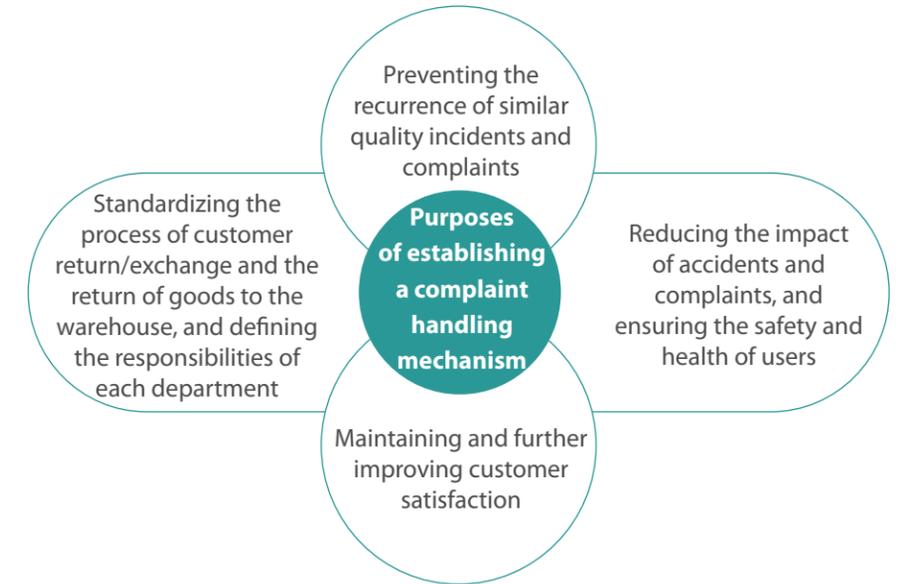
Customer Communication Channels

During the Reporting Period, the Company established customer complaints and communication channels such as service hotline, contact number, email, and WeChat official account. During the COVID-19, relevant departments stuck to their posts, maintained a good relationship with customers, addressed customer needs in a timely manner, and relieved customers' mental stress caused by the pandemic.

"400 Telephone" Quality Service Hotline	Ensuring that quality complaints can be answered within 24 hours Getting timely and effective communication and support for product consultation and other issues
WeChat Official Account	Performing online communication through text + pictures to address the customer complaints about quality and product issues in a more efficient and effective manner
Professional Quality Service Team	Establishing a complete customer complaint handling system During the COVID-19, the Company's "400 Telephone" Quality Service Hotline received an average of more than 200 business consultations per day.

Product Quality Complaint Handling Mechanism

The Company has formulated a complete product quality complaint handling mechanism to timely analyze, determine and properly handle product quality incidents, internal and external customer quality complaints and other related feedback.



Receiving and Accepting Complaints

Recording the problems, dealing with them on the spot or giving feedback to the customer complaint specialist for evaluation and solution

Handling Complaints

Issuing a solution within 30 minutes; if a major complaint mechanism must be initiated, it should be handled by the department manager through consultation

Analyzing Complaints

Organizing analysis in conjunction with related product and supply sides

Closing and Filing Complaints

Information processing retention and case classification management

Regular Callback

Making regular callback regarding the previous feedback problems

In 2020, the overall after-sales complaint management of Purcotton received a favorable result:

Timely response rate: **91.9%**

Satisfaction with the customer communication script: **92.3%**

Satisfaction with communication and coordination ability for major abnormality: **90.4%**



Case of Improvement in Customer Demands

According to the customer's feedback that "the comforter filling became yellowed after being washed", although it was found that the customer's personal maintenance was improper, the sales end of Purcotton made corresponding rectification by adding washing and maintenance suggestions on the product page and highlighting such products as comforter filling or pillow filling that could not be washed on the page as well as communicating product maintenance methods to customers during sales or at the checkout counter.

According to the suggestion of "perfect combination of comfort and fashion" from customers, Purcotton immediately informed the product department of making adjustments in the tone and style of clothing. The present styles of clothing are diverse and modern fashion elements are integrated to meet the clothing matching needs of people from more ages.

User Information Security

The Company attaches importance to the personal privacy of customers and spares no effort to ensure the security of user information. Taking the growing members registered in the mini program and stores of Purcotton as an example, in order to protect consumer information security, the "Registration Agreement" of members has specifically provided the term of "collection, use and protection of user information", specifying the rights and obligations of Purcotton and members in detail, informing users of the Company's use of personal information collection, and committing not to disclose users' private information to ensure the specificity, confidentiality, and security of the users' private information.

Implementing Responsible Marketing

Marketing Concept

The Company vigorously advocates and implements responsible marketing to ensure legal compliance at every stage of the marketing process. For product delivery, the Company formulated the "Control Process for Sales Realization", and conducted a three-day "Spark Plan" training for newcomers, including training on company introduction, product sales, practical operations, and delivery.

Winner focuses on the transmission of brand value and conveys the concept of the preferred professional brand in the medical system through participation in industry exhibitions, professional user operations, and academic operations. We build nationally preferred health brands through cross-industry alliances, IP operations, hard advertisement placement and other methods, and create the most socially responsible medical brand through environmental and sustainable development publicity.

Purcotton always adheres to the concept of "comfort, health, and friendliness", actively responds to consumers' high requirements for product safety and their own health protection, spreads brand value around "safety", and conveys positive energy and "happiness" to consumers. Purcotton insists on developing recyclable and renewable resources as well as replacing paper with cotton to give full play to the use value and environmental protection value of cotton fiber and take the path of sustainable development. Besides, Purcotton actively publicizes environmental protection awareness to consumers and guides consumers to make contribution to environmental protection and the sustainable development of resources while purchasing the products of Purcotton.

During the Reporting Period, the Company presented a live streaming for the whole production process of the factory, showing the medical-grade production environment, environmentally-friendly and sustainable raw materials and production processes to consumers. It hopes that through the "healthy, comfortable and environmentally-friendly" cotton products, hundreds of millions of people can live a "safe, happy and sustainable" life.



Poster for "Earth Cotton"

Marketing Management for Medical Consumables

Sales Channels

The terminal markets of our medical consumables products are mainly developed countries and regions such as Europe, Japan, and the United States. The main sales terminal markets for our "Winner Medical" products are developing countries and regions such as Asia, Africa and Latin America. As of the end of 2020, "Winner Medical" products had been available in more than 3,000 hospitals and nearly 90,000 pharmacies in China, had product display cabinets and product series displays in well-known chain pharmacies such as Nep-Star, Dashenlin, Jianzhijia, Cowell Health, and LBX Pharmacy. At the same time, "Winner Medical" products had been laid out on mainstream third-party e-commerce platforms including Tmall, JD and Amazon.



International trade



Domestic hospitals



Domestic pharmacies



E-commerce

In order to standardize the job responsibilities of marketing-related staff, the Company reviews and optimizes the system on a regular basis. Meanwhile, in order to ensure the implementation of marketing responsibilities, strict assessments are implemented during the introduction phase of dealers and responsible marketing-related training is carried out for export sales staff and dealers.



Training on Pandemic Prevention Products for Export Sales Staff, and Training for Suppliers and Dealers

In order to professionally respond to the inquiries of customers from targeted industries, quickly respond to customer needs, and implement orders, the Company's International Trade Business Unit organized several special trainings for export sales staff. The training was given by the export director and department managers, mainly focusing on the professional knowledge of surgical consumables and high-end dressings. With the combination of platform promotion materials + on-site sample illustration + category leader answering questions, the training helped export sales staff to promote and disseminate the pandemic prevention knowledge to customers correctly and efficiently while selling products.

During the Reporting Period, with the theme of "Wisdom and Win-Win", special training camps were held for suppliers. A total of 17 online and offline trainings were organized, with the participation of 600 personnel and 195 dealers.



Poster for the "Wisdom and Win-Win" special training camps

Responsible Marketing Action



Brand Responsibility Story of Purcotton

Purcotton is targeted at general consumers. The brand was founded in the hope of arousing people's awareness of protecting the earth's environment, so that more people can enjoy the comfort of cotton, understand the environmental protection and health performance of cotton fabric, in a way to spread cotton culture to the public.

In 2020, in the face of the impact of COVID-19, Purcotton continued advocating environmental protection. In April, the month themed environmental protection, the campaign #Protecting the Earth with Cotton# was launched, calling on people to protect the earth with 100 small actions. In May, the 2020 exhibition themed "Cotton, Nature and Mankind" of Purcotton was launched in Shenzhen. The seven-year brand exhibition was held in more than 20 cities across China, with interesting images and interactive communication to convey to the public the value of cotton to people and the environment.

Over the past decade, Purcotton has sold more than 13 million pieces of cotton clothing and bedding products, and more than 21.5 billion sheets of pure cotton soft tissues. It have provided a total of 6.8 million non-woven shopping bags, avoiding the use of a large number of plastic bags and enhancing the public's awareness of using environmentally-friendly shopping bags. Assuming that each cotton soft tissue is an alternative of 3 paper tissues and each can be used for 2 times, this is equivalent to saving more than 780,000 trees. Using more cotton products in daily life is a way of protecting the environment.

Environmental Protection Performance of Purcotton in the Past Ten Years

The advantages of renewability, sustainability and recyclability of cotton provide more possibilities for its application in the medical field and daily use field. To maximize the value of a cotton flower is the idea that Purcotton wants to convey to the society.



The above data are the internal data of Purcotton and Winner Medical

*Each ton of paper tissues needs to cut down four 20-year-old trees (Note: Source: People's Daily)

II

In 2020, the number of activities for domestic store members was up to **669**, and the number of participants reached **31,168**;
 From August 2019 to November 2020, a total of **56** online social group link user activities were held, on average 2-4 social group interactive activities were held every month, with participants totaling approximately **84,000**.

Participation in Environmental Protection Through Small Actions - Member Activities

The Company actively organized member activities, publicized members' environmental protection awareness in a variety of activities, and called on members to integrate environmental protection concepts into their daily lives and actively use environmentally-friendly products so as to reduce environmental pollution.

During the Reporting Period, the Company integrated environmental protection concepts in its activities, carried out activities such as vegetation dying and recycling, in a move to guide members to spontaneously spread environmentally-friendly, healthy and safe lifestyles in the form of interaction.



Use used cotton soft tissues to make a succulent pot, instead of a plastic pot that is not environmentally-friendly



Use cotton soft tissues to make dried flowers, wall hangings and thread fillers



Complete attendance for 10 consecutive days to plant cotton
 Use pure cotton bags



Make eye mask with cotton tissue

Industry Progress

Adhering to the concept of growing together with partners, the Company actively outputs experience and wisdom to the industry, consolidates and strengthens the construction of inter-industry exchange platforms, promotes sound competition among industries, and cooperates with industry partners for coordinated development, and jointly promotes the development of the industry.

Industry Participation

The Company actively participates in industry activities, attaches great importance to every opportunity for communication, conducts dialogs with industry partners and the public on technology, products, and experience, establishing a good, stable and sustainable relationship.

In 2020, the Company was active in exhibitions in the textile, medical, health and other fields. Through event participation and product exhibition, the concept of "Caring for Health and Life" was communicated to the public, continuously demonstrating our strengths in product quality, technology, and innovation.

Participation in Exhibitions in 2020

Nanjing International Wisdom Medical Exhibition	China Pharma & Healthcare Conference and Fair CPHCF	Westlake Forum
Cinte Techtexil China CINTE	China International Pandemic Prevention Materials Expo	Nanjing International Tissue and Health Care Products Exhibition
China Cotton Industry Development Summit	China International Medical Equipment Fair CMEF	The 3rd World Health Expo in Wuhan
Shenzhen Hospital Conference	The 24th National Operating Room Nursing Academic Conference of Chinese Nursing Association	APEC SME Forum

 Appearance at the 2nd World Health Expo

The 2nd World Health Expo in November 2020, with the theme of "A Community of Health, A Future of Technology", aimed to showcase the most cutting-edge technology, the most representative companies, products and models in the world's health field, promote the in-depth implementation of "Healthy China" strategy, and boost the sustainable development of the Great Health Care.

As the director organization of the pandemic prevention materials exhibition hall, the Company was invited to participate in the 2nd World Health Expo, and demonstrated its three brand images and products: Winner Medical, Purcotton, and PureH2B. During the pandemic prevention period, star products such as "the only box of masks that had not been brought into the ward" and "hand-painted protective clothing of Shandong medical team" were simultaneously shown in the WHE, profoundly interpreting our "great spirit of combating the COVID-19 pandemic".

Chairman Li Jianquan delivered a speech at the "China's Health Industry Summit" and committed to the public that the Company would continue increasing scientific research investment in medical consumables and infection control and prevention and continue strengthening the R&D and output of basic materials. In the future, we will continue adhering to the vision of "Care for Health and Life, Making A Better World", continue producing and manufacturing safer products, providing higher-quality services and manifesting the strength and responsibility of Chinese brands in the context of building a "community of health".



 Conference on Engineering Medicine Empowering in APEC SME Business Forum



The APEC SME Business Forum 2020, co-sponsored by Shenzhen Municipal People's Government, the SME Development Promotion Center of the Ministry of Industry and Information Technology, and China International Cooperation Association of SMEs was held in Shenzhen from December 13 to 15, 2020.

Chairman Li Jianquan was invited to attend the Forum, delivered a speech on the theme of "Caring for Health and Life - Cotton, Innovative Biomedical Material", and exchanged experience with successful people in various industries.

The first "Conference on Engineering Medicine Empowering - Biomedical Material Innovation" was the first professional forum in the field of engineering medicine new materials in the business forum, focusing on the technological innovation of biomedical materials, building a platform for the transformation of scientific research results, and discussing industry development ideas.

Formulation of Standard

The Company not only strictly implements various inspection standards/specifications in the production process, but also actively participates in the formulation of various product standards to promote the construction and improvement of industry standards.

As a benchmarking enterprise for medical dressings, the Company has so far participated in the formulation of 14 national/industry standards, including 3 national standards and 11 industry standards. In 2020, Winner Medical participated in the formulation of a number of national, industry, and group standards on face masks.

The Company's Involvement in the Formulation of Industry Standards in 2020

- Technical Specifications for Children's Masks (GB/T 38880-2020)
- Civil Sanitary Masks (T/CNTAC 55-2020)
- Disposable Mask for Children (T/GDMDMA 0005-2020)



In recent years, Purcotton has repeatedly participated in the formulation and revision of multiple standards, covering major products including knitted maternity clothes, knitted infant and children's clothing, and pure cotton soft tissues. In March 2020, Purcotton participated in the formulation of a group standard, "Daily Protective Face Mask" (T/GDBX 025-2020), and led the drafting of the national standard "Soft Tissues".



Involvement in the Formulation of Standard



Position in Associations

The Company demonstrates its role as a leading health enterprise and holds important positions in many industry associations and organizations. As of the end of the Reporting Period, the Company's positions in associations are as follows:

Association/Organization	Joining time	Company	Position
Medical Dressing Branch of China Chamber of Commerce for Import & Export of Medicines & Health Products	Year 2008	Winner Medical	President
Federation of Shenzhen Industries	Year 2009	Winner Medical	Vice President
China Nonwovens & Industrial Textiles Association	Year 2011	Winner Medical	Honorary Vice President
Longhua New Area Federation of Industry and Commerce (General Chamber of Commerce)	Year 2014	Winner Medical	Standing Committee Member
Shenzhen Association of Medical Devices	Year 2015	Winner Medical	Vice President
China Cotton Association	Year 2015	Purcotton	Member of Standing Council Organization
China National Household Paper and Sanitary Supplies Industry Association (China National Household Paper Industry Association under China Paper Association)	Year 2015	Purcotton	Member
China Chain Store & Franchise Association (CCFA)	Year 2016	Purcotton	Member
Shenzhen Retail Business Association	Year 2016	Purcotton	Member
Shenzhen Advanced Manufacturing Industry Association	Year 2017	Winner Medical	Vice President
China Chamber of Commerce for Import & Export of Medicines & Health Products	Year 2017	Winner Medical	Council Member
China Gift Chamber of Commerce	Year 2017	Purcotton	Standing Director
Shenzhen Association for Brand Building Promotion	Year 2018	Winner Medical	President
Shenzhen Mountaineering & Outdoor Sport Association	Year 2018	Purcotton	Member
China Toy and Juvenile Product Association	Year 2019	Purcotton	Member
Nonwovens Industry Green Development and Innovation Alliance	Year 2020	Winner Medical	Chairman serves as vice president
Shenzhen Quality City Promotion Association	Year 2020	Purcotton	Director
China Fashion & Color Association	Year 2020	Purcotton	Group Member
Shenzhen Software Industry Association	Year 2020	Purcotton	Member

02

Soundness - Pursuit of Value

-  Company Strategy P55
-  Corporate Governance P55
-  Risk and Compliance P59
-  Strengthening Party Building P63

A scientific and efficient governance structure is the guarantee for the Company's high-quality development. Winner Medical has been implementing its development strategy in an all-round way, continuously improving its standard operation, vigorously strengthening the effectiveness of internal control and scientific risk management, optimizing investor communication mechanisms, boosting the quality of information disclosure, and fully guaranteeing that investors have the right to access to the Company's information, enjoy assets returns, and participate in major decision-making as required by laws.



Company Strategy

In the future, Winner Medical will continue building the world's leading health company for medical consumables, home care products, and good daily necessities, remain true to the original aspiration, make continuous innovation, and continue taking the lead in the industry's benign development from "Made in China" to "Created in China", from Chinese brand to international brand. The Company has always upheld the sustainable development concept of "integrating the pursuit of quality life and the love of health and environmental protection", presenting products that are filled with happiness, peace of mind and sustainability to consumers and making contributions for a better life.

Corporate Governance

Operation of three meetings (shareholders' general meeting, board of directors meeting and board of supervisors meeting)

The Company operates strictly in accordance with the norms of listed companies, and in accordance with applicable laws and regulations and regulatory document requirements. It has established a sound, clear and effective organizational structure composed of Shareholders' General Meeting, Board of Directors, Board of Supervisors and Managers, and has formed a corporate governance mechanism with clear powers and responsibilities, standardized operation and mutual checks and balances, continuously improving the transparency and effectiveness of corporate governance.

The Shareholders' Meeting, the highest authority of the Company, strictly follows the procedures for meeting convening, holding and deliberation as required by applicable laws and regulations to protect the legitimate rights and interests of the Company and all shareholders.

II

During the Reporting Period, the Company held **1** Shareholders' General Meeting, and **6** extraordinary shareholders' meetings.



Winner Medical's first Shareholders' General Meeting after listing

During the Reporting Period, the Company held a total of **11** BOD meetings. The Board of Directors is composed of **7** directors, of which **3** are independent directors. The Board of Directors consists of **4** committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee, which fulfill their duties in accordance with the Articles of Association and the detailed rules for the implementation.

In 2020, the meetings of each committee were as follows:

- Strategy Committee meetings: 3 times
- Audit Committee meetings: 3 times
- Nomination Committee meetings: 1 times
- Remuneration and Assessment Committee meetings: 3 times



Long-term Equity Incentive Mechanism

In order to establish and optimize the Company's long-term incentive mechanism, the Company launched an equity incentive plan in December 2020, planning to grant a restricted stock incentive plan to no more than 1,036 people. The number of shares to be granted is 6.5 million, accounting for approximately 1.51% of the Company's total share capital and the grant price is RMB 72.50/share. Among them, 5.833 million shares were granted for the first time, accounting for 1.37% of the Company's total share capital and 89.74% of the total equity to be granted; 600,000 shares were reserved, accounting for 0.14% of the Company's total share capital and 9.23% of the total equity to be granted.

The equity incentive plan will be lifted in two phases, and the assessment year will be the two fiscal years from 2021 to 2022. The corresponding revenue trigger value and target value in 2021 shall be no less than RMB 10 billion and RMB 12 billion respectively, while those in 2022 shall be no less than 20% and 30% of the relative revenue growth in 2021.

The Board of Supervisors is composed of **3** supervisors, including **1** employee supervisor. During the Reporting Period, the Company held a total of **8** meetings of the Board of Supervisors.

Investor Relations

The Company attaches great importance to the establishment of long-term and stable benign relationships with investors, formulates and abides by the "Management System for Investor Relations", strengthens communication and management with investors, and enhances investors' understanding and recognition of the Company through standardized information disclosure so as to maximize the value of the Company, protect the interests of shareholders, especially small and medium-sized shareholders, and establish a favorable brand image of the Company.

Investor Communication

The Company listens to investors' feedback and suggestions, answers investors' questions, and addresses investors' needs through the official website message platform, investor relations mailbox, hotline, and irm.cninfo.com.cn. At the same time, investors are called on to supervise the Company in a friendly way to promote more efficient and complete development of the Company.



Promotion roadshow for listing



Performance briefing for 3rd quarter of 2020

Information Disclosure

The Company fully protects the legitimate right to know of investors, and continuously improve the efficiency and quality of information disclosure in strict accordance with the "Administrative Measures for the Disclosure of Information of Listed Companies", the "Company's Information Disclosure Management System" and "Internal Reporting System of Material Information" and other applicable regulations to ensure the authenticity, accuracy, completeness, timeliness and fairness of the disclosure.

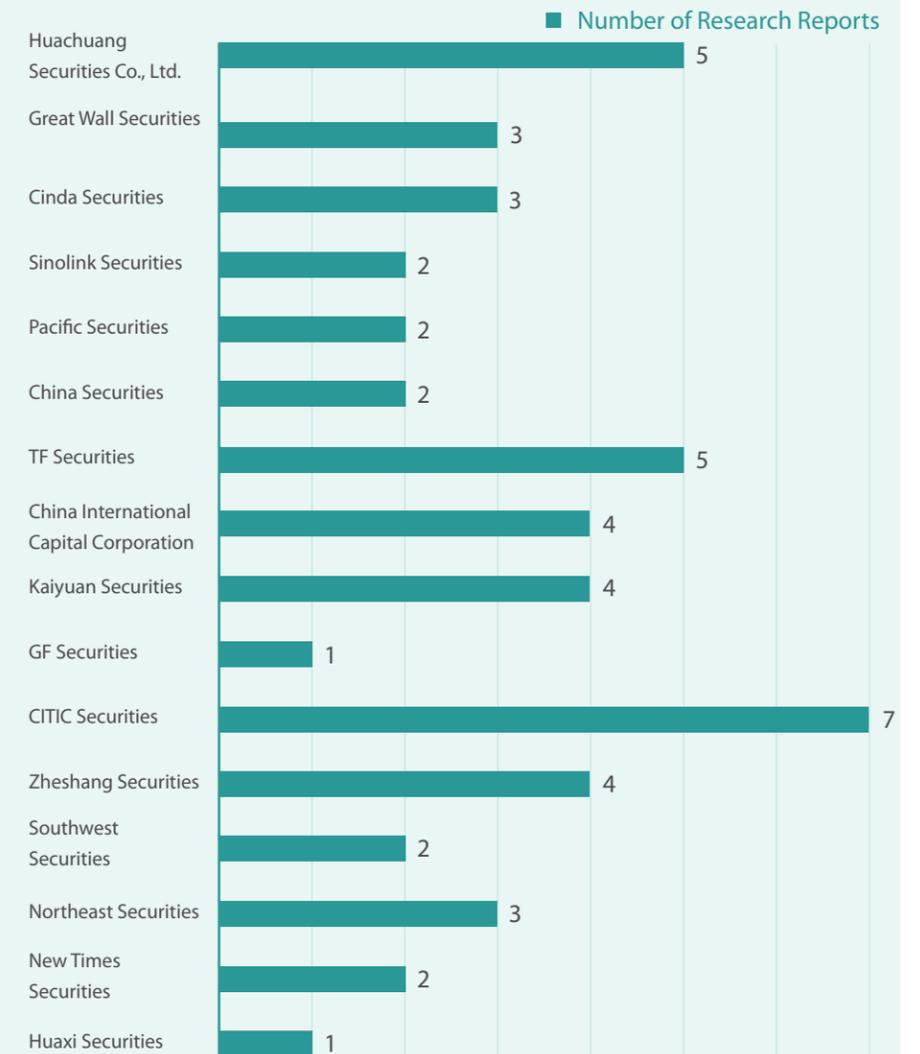
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During the Reporting Period, The Company replied **73** questions at irm.cninfo.com.cn and received **11** agency surveys; arranged communication and discussion on the basic status, production and operation, finance and accounting, shareholders and equity changes, regular reports and equity distribution, media and investor relation of the Company. Communicated with small and medium investors via Quanjing (<https://www.p5w.net/>) for **2** times.

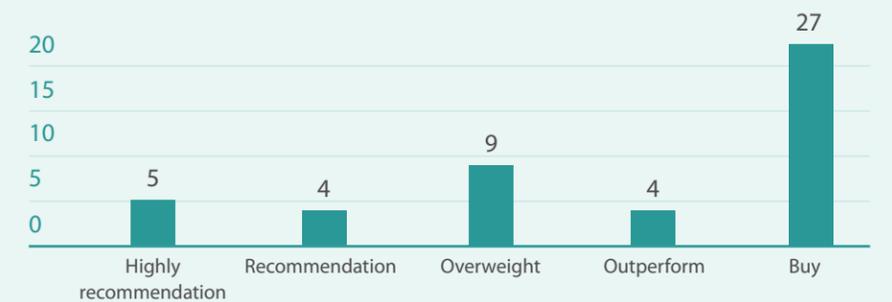
The Company disclosed a total of **101** announcements, with a total of about **3,140,600** characters;

In 2020, the Company developed **50** related research reports, **23** of which were bought.

Number of the Company's Research Reports during the Reporting Period



The Company's Research Report Recommendation during the Reporting Period



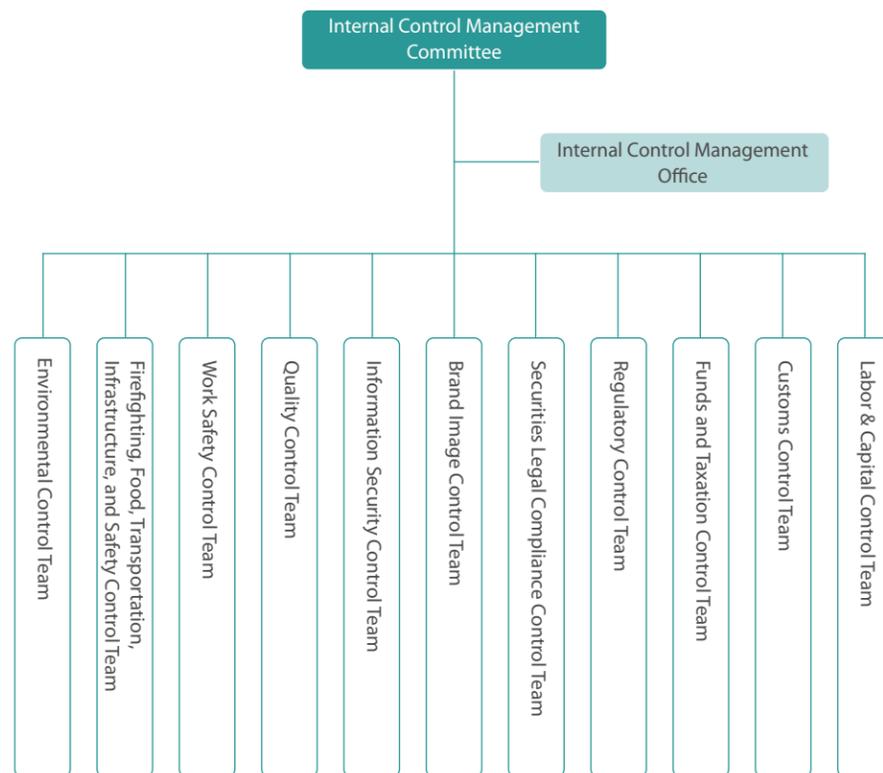
Risk and Compliance

Internal Control

The Company has been focusing on corporate risks for a long time and attaching importance to risk management and control, and has established a sound risk control system through the joint construction of internal control, internal audit, and anti-corruption functions. Under the national laws and regulations and the governance framework of listed companies, the internal control conveys the Company to its strategic and business objectives.

Internal Control Architecture

The Internal Control Management Committee, as the Company's highest management organization for standardizing operations and risk control management, has 11 management teams and 1 internal control management committee office, with the senior supervisory director of the Group Supervision Center as the ultimate responsible person. The general manager of each subsidiary is the ultimate responsible person of the internal control committee of the subsidiary, and each subordinate team has a first responsible person to coordinate the inspection, improvement, tracking and feedback of the responsible persons of each team in the headquarters.



Organization Chart of the Internal Control Management Committee

Internal Control Operation Mechanism

The Company requires that risk responsibility statement should be signed for 11 major business modules (work safety, legal affairs, customs, environmental protection, labor & capital, quality, capital and taxation, information security, firefighting, food, transportation, and infrastructure safety, brand image control, and securities legal compliance) each year, detailing the appraisal system of work and rewards and punishments and requiring all business departments to strictly abide by and implement the same.

Internal Control Operation Mechanism

Way of Implementation

- The responsible person of each team arranges each subsidiary to conduct self-inspection on the inspection items under the management of the team, and organizes each subsidiary to conduct cross-examination.
- Each team issues an inspection report after the routine inspection, requesting rectification of the defect items and ordering them to be rectified within a time limit.
- The internal control committee conducts routine inspections every quarter and the Group Supervision Center is responsible for summarizing the disclosure and reporting it directly to the Chairman.

Training on Internal Control Team

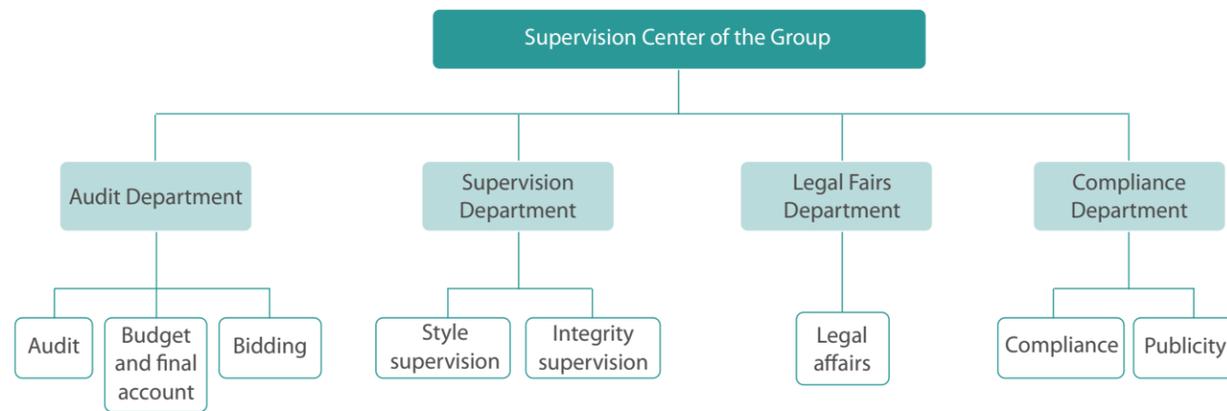
- The head of each special team strengthens the training of team members, improves their professional skills, service capabilities and problem-solving capabilities, controls risks at the front end of the business, and plays a positive role in preventing and closing risks.

Punishment Mechanism

- For those who refuse to implement the rectification suggestions or postpone the implementation without proper reasons, the first responsible person for the internal control of the Group or subsidiary and the specific person responsible for the defect will have 0 performance before the completion of the rectification, and no monthly or quarterly performance bonus will be granted;
- If the relevant government regulatory department punishes the Company due to the failure in timely rectification, the first responsible person for the internal control of the Group and the subsidiary and the specific responsible person for the defect will have 0 annual performance, and no annual performance bonus will be granted. Further punishment will be given according to the result and nature of the punishment.



Three lines of defense for internal control



Organizational structure of the Supervision Center

In order to strengthen compliance supervision, the Company has set up three lines of defense for internal control. Business departments and functional departments are the first line of defense, taking charge of the control of business process risks. The risk management department is the second line of defense, corresponding to 11 management teams, taking charge of risk inspections. The Supervision Center of the Group is an independent third line of defense, taking charge of risk control in terms of compliance, audit, legal affairs, and integrity supervision.



Three lines of defense for internal control

Integrity

Adhering to the concept of operating with integrity and incorruptible employment, the Company takes a responsible attitude towards consumers and society, strictly implements the responsibility of anti-corruption and promotion of integrity in all tasks, strengthens supervision and discipline accountability, maintains a good business order, and prevents and controls corruption of the Company.

During the Reporting Period, the Company revised the "Management Measures for the Integrity Supervision of the Group" to improve the efficiency of the integrity supervision, and the Audit Department updated the "Management Measures of Group on Bidding", the "Confidentiality System of the Group", and the "Audit System of the Group" and other applicable management measures. Combined with the existing "Control Process for Project Procurement", the "Control Process for Construction and Maintenance Engineering", the "Control Process for Pre-settlement of Construction and Maintenance Engineering" and other applicable management measures, the Company strictly guaranteed the confidentiality of information and the legal compliance of bidding, construction and other important business links.

Integrity Training

The Company organized anti-corruption warning education, insider information management, insider trading prevention and control education and other anti-corruption related training to help employees improve their self-discipline awareness, standardize work behavior, and create a clean and upright corporate atmosphere.

Integrity Education and Training

In July 2020, the Company invited the Economic Crime Investigation Department of the Shenzhen Municipal Public Security Bureau and Shenzhen Municipal People's Procuratorate to provide round-table training on the "Prevention of Duty Crime Within the Enterprise, Including Charges, Cases, and Preventive Measures" and the "Corporate Common Criminal Risk Prevention and Control and Criminal Compliance Management". All heads and key staff of the Supervision Center of the Group, President's Office, Human Resources Department of the Group, the Administration Department of the Group, General Manager's Office of Purcotton, the Human Resources Management Center of Purcotton participated in the education and training, totaling more than 20 representatives. By introducing the crimes of embezzlement in the post, embezzlement of funds and other laws and crimes, illustrating negative cases, the training helped the employees to improve their awareness of integrity and compliance and propose crime prevention measures for employees from both the psychological coercive principle and the construction of corporate systems.



Training on prevention of job crime

In November 2020, in order to implement the "Opinions of the State Council on Further Improving the Quality of Listed Companies", the Company organized online training on "Insider Trading Prevention and Control and Inside Information Management", and completed the paperless exam through wjx.cn. By the end of the training, a total of 264 employees participated in the study and all passed the assessment, with a coverage rate of 100%.

Integrity Reporting

In 2020, in order to maintain a fair and equitable business climate, the Supervision Department formulated the "Notification Letter for Reporting Channels of Winner Medical" (for office area) and posted it in the office area of the Group headquarters, meeting rooms, subsidiaries, stores and other areas. At the same time, the Company formulated the "Notification Letter for Reporting Channels of Winner Medical" (for bid documents, sales site, and construction site) and the "Notification Letter for Reporting Channels of Winner Medical" (for contract) and set up reporting hotline and reporting email to encourage all employees, suppliers and other partners to use them to report inappropriate behaviors.

Strengthening Party Building

In August 2016, under the care and concern of the higher-level Party committee, the Company established Winner Medical Party branch. In October 2017, the Party Committee of Winner Medical Industrial Park was established with the development of the park and the increase in the number of Party members. The Company's Party Committee has always carried forward the pragmatic spirit of Winner Medical's employees who dare to think, dare to do, and have the courage to undertake. With the Company's vigorous development, various Party building tasks have steadily promoted.

So far, the number of Party members has increased to 58, and more than 10 are middle and senior leaders. Driven by the Company's Party Committee, we have successively established organizations such as women's federation, trade union, and youth league committee, and formed our volunteer team, and we were honored the title of "Advanced Primary Party Organization" in Longhua Subdistrict multiple times in a row, the Secretary of the Party Committee of the Park won the title of "Excellent Party Affairs Worker in Longhua Subdistrict" as well as Shenzhen Outstanding Communist Party Member and other honorary titles. During the Reporting Period, Winner Medical Volunteer Team under the Party Committee of Winner Medical Industrial Park was commended as Excellent Youth in Longhua.



Promoting the "Head Wild Goose" Project

The Company continues strengthening the training of secretaries, deputy secretaries and team members, and has formed a set of effective methods. With the rapid development of the Party Committee, the demand for outstanding talents is increasing. The Party Committee adopted the method of "guiding the junior Party member by the senior Party member, promoting the senior Party member by the junior Party member and matching the junior Party member with the senior Party member" to integrate the rich experience of the senior Party member and the spirit of the junior Party member in a way to carry out Party building.

Strengthening the Training for Party Members

The Party Committee focused on the education for outstanding graduates recruited by the Company's "Young Seed Program", and continuously introduced new members to the Party Committee. In terms of Party member training, the Party Committee actively attracted outstanding employees to join the Party organization. In 2020 alone, the branch received more than 20 Party applications, developed 3 probationary Party members and many activists, forming sufficient reserves for the Party organization.

We also attached great importance to the education of existing party members. We have made a detailed division of the responsibilities of team members, formulated a set of effective rules for ordinary Party members and strictly required Party members to maintain a vanguard and exemplary role in their jobs. As of the end of the Reporting Period, there were no corruption and malfeasance reported in any positions of the Company. Various tasks required by the Company's Party Committee were steadily promoted, and nothing "went wrong at a critical moment".

Party Constitution and Discipline Learning in the Third Quarter of 2020

In July 2020, the Party Committee of the Park organized all the members of the pandemic prevention headquarters of the Company to participate in the Party class training on the Party constitution and discipline, including learning the thoughts of the "Party Constitution of the Communist Party of China" and the provisions of the "Regulations of the Communist Party of China on Disciplinary Punishment", and organizing the Party members to exchange ideas on what they learned.



The secretary of the Party Committee stated that, to further regulate the use of Party membership dues, it is not only required to ensure the integrity of the personnel, but also ensure that the system is free from any defect, so that there is no inducement to make mistakes. Corruption has an even worse impact on the primary Party organizations. We must start from ourselves and perform radical reformation by virtue of the system.

Carrying out Characteristic Party Building

As one of 100 demonstration enterprises in Shenzhen, the Company's Party Committee combined with the cultural characteristics of Winner Medical to carry out various meaningful activities to spread positive energy of Winner Medical and the Party, and enhance the relation with the masses. In 2020, based on the concept of "Party Building + Health", the Party Committee well-served the people in the Park, organized public welfare activities, and further expand the influence of the Party Committee by organizing various themed Party day activities.

During the Reporting Period, the Party Committee of the Park organized more than 20 activities for employees and the community during the pandemic period while doing its best to protect the people inside and outside the Park. These activities received unanimous praise from the people inside and outside the Park. Among them, the activity of "Caring for the Younger Generation - Providing Pandemic Prevention Materials to School and Teaching Pandemic Prevention Knowledge in Classroom" was welcomed by schools under the administration, and the "Love - Shop for Collection of Thoughts" activity brought the thoughts and care of colleagues who could not go home during the pandemic to their family members.

"Children's Day" Series of Activities to Care for the "Younger Generation"

"Providing Pandemic Prevention Materials to School and Bringing Pandemic Prevention Knowledge to Classroom" Activity

A few days before "Children's Day", the Party Committee of the Park, together with the Party branch of Sanlian Yongheng School and the Party branch of Zhanhua School, carried out the activity of "Providing Pandemic Prevention Materials to School and Teaching Pandemic Prevention Knowledge in Classroom". Through both pictures and texts, we explained the knowledge of pandemic prevention for the "Younger Generation" on "understanding the COVID-19, the transmission route of the COVID-19, how to effectively prevent the spread of the COVID-19, and what should schools do" to perform COVID-19 pandemic fighting publicity and education, guide the "Younger Generation" to combat the COVID-19 in a healthy way and with civilized consciousness, optimistic attitude, and firm confidence to prevent themselves from the virus. The Party Committee of the Park also presented the schools with pandemic prevention materials such as "Winner Medical masks for children" and "Shouhujia Disposable Hand Disinfection Gel" to help the healthy growth of the "Younger Generation" who returned to school.



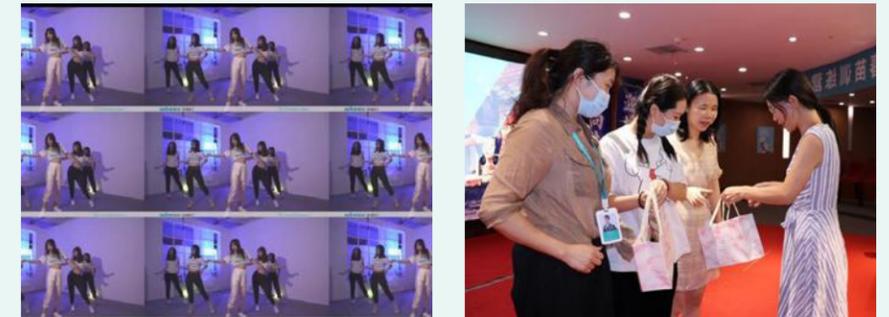
Dream Carnival of Childhood

The Company's young employees actively responded to the Party's order and participated in the fight against the COVID-19 pandemic. On Children's Day, the Company's Party Committee and the Group's Human Resources Management Department jointly organized the "Dream Carnival of Childhood" activity. With all kinds of games, the employees could temporarily forget the pressure of work, relive the carefree and happy childhood, eliminate their physical and mental fatigue, and face the challenges in the future with a more positive state. Young employees expressed that "although we cannot return to childhood, the childlike innocence will never fade".



Passionate August, Dance in Shenzhen - Ceremony of the 40th Anniversary of the Establishment of Shenzhen Special Economic Zone

In order to celebrate the 40th anniversary of the establishment of Shenzhen Special Economic Zone, the Party Committee of the Park launched the "Passionate August, Dance in Shenzhen - Ceremony of the 40th Anniversary of the Establishment of Shenzhen Special Economic Zone" in August 2020. With dance, the activity showed the great achievements of Shenzhen Special Economic Zone in the past 40 years, demonstrated the youthful vigor of our employees, and provided a stage for Party members to show themselves.



Ode to Youngsters Fighting COVID-19, "Love - Shop for Collection of Thoughts"

On September 22, 2020, in order to promote Chinese culture, cultivate patriotism among Party members and youth, and follow the path of socialism with Chinese characteristics, the Party Committee of the Park launched the "Paying Tribute to Young People Fighting the COVID-19, 'Love-Shop for Collection of Thoughts' to celebrate the Mid-Autumn Festival and National Day theme activities", and the Party members of the Company expressed holiday blessings to the anti-pandemic heroes.



In this activity, young employees were requested to write on the message board their wishes and visions for 2020 and a message to the Youth League Committee of the Park and a postcard was provided for the youth employee to express their blessings to their families. The Youth League Committee would send their blessings to their family members.

03

Common Growth - Empowerment of Employees

-  Compliant Employment P69
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The Company adheres to the people-oriented approach and regards employees as its valuable wealth. The Company attaches great importance to the protection of employees' rights and interests, provides employees with broad career development channels and platforms, cares about employees' health, enriches their spare-time lives, creates an inclusive, equal, and collaborative working atmosphere and environment, and guides employees to integrate their personal goals with corporate development goals, in a bid to maximize the potential and value of employees, stimulate the vitality and competitiveness of the team, and realize the common growth of the Company and employees.



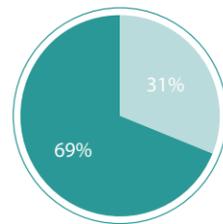
Compliant Employment

Employment

The Company implements compliant employment, abides by the "Labor Law of the People's Republic of China", the "Employment Promotion Law of the People's Republic of China", the "Provisions on Employment Services and Employment Management", the "Interim Provisions on Labor Dispatch", the "Special Provisions on Labor Protection of Female Employees" and other national laws and regulations, and adheres to the lawful and compliant employment. The Company has formulated a series of human resource management systems such as the "Recruitment Management System", the "Management System for Internal Recommendation of Employee", and the "Employee Handbook" to eliminate forced labor, child laborer and other illegal activities and to ensure that every employee has the right of equal employment.

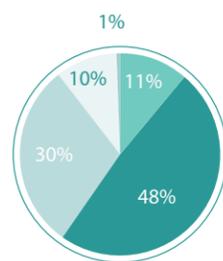
The Company attaches great importance to the rejuvenation of talents and the construction of new-generation talent echelon. In order to better support the Company's business development, the Company further optimizes the talent structure, so that more and more young employees can take on the Company's core positions and rejuvenate the Company. Meanwhile, the Company actively promotes the construction of multiculturalism, continues introducing talents with working experience in foreign companies, joint ventures, and mega/large private enterprises, and continuously enriches the talent structure and sources to boost the Company's rapid development. Besides, the Company provides a faster career growth path and career development opportunities for the female employees with high-potential, creating a working environment that is more conducive to the development of female employees.

As of the end of 2020, the Company has had a total of 12,389 employees, with the composition shown below:



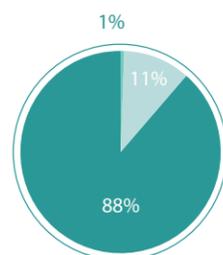
Number of employees by gender (unit: person)

- Male: 3,861
- Female: 8,528



Number of employees by age (unit: person)

- 25 years old and below: 1,407
- 25-35 years old: 5,995
- 36-45 years old: 3,702
- 46-55 years old: 1,222
- 56 years old and above: 63



Number of employees by education level (unit: person)

- Master's Degree and above: 85
- Bachelor's Degree: 1,333
- Below Bachelor's degree: 10,971

II

Employees under 45 years old account for nearly **90%** of the total employees

Female employees account for nearly **70%**

During the Reporting Period, the Company further optimized the human resource management system and mechanism, and updated and optimized most systems. The Company promoted the construction of informatization and released the EHR system to help the intelligent upgrade of the Company's integrated management system.

Release of EHR System

During the Reporting Period, Purcotton released the EHR system, achieving top and bottom alignment management of performance goals, talent management, online full life cycle management of employee information, fast approval of personnel processes, and convenient and synchronous self-checking by employees on mobile.

Remuneration and Benefits

The Company insists on creating a safe and secure working environment for employees and creating a fair and competitive remuneration system. The Company has established different performance and remuneration incentive policies by positions and business types, formulated systems such as the "Management System for Employee Performance", the "Remuneration Management System", and the "Remuneration Management System for Sales", established an objective and fair system of diversified value assessment and labor remuneration distribution, and implemented a work efficiency-based remuneration distribution mechanism to ensure that all employees can get remuneration corresponding to their labor and position levels.

In 2020, the Company continued improving its employee benefits system. In addition to the "social insurances and housing fund", commercial accident insurance was also took out for employees as a supplement to the social insurances.



Employee Incentive

The Company has established a diversified remuneration incentive system based on the principle of "clear goals and result-orientation". In order to further attract and retain excellent talents and fully mobilize the enthusiasm of employees, the Company has established different employee incentive policies such as timely incentives and long-term incentives, and rewards employees who have made outstanding contributions, to create a positive and enterprising cultural atmosphere.

1. Special Incentive Program

Each business system implemented incentive policies that match individual performance appraisal and remuneration, and based on the characteristics of each business, formulated such special incentive plans as "Remuneration System of Business Unit", "E-commerce Remuneration System", "Commodity Incentive Program", "Sales Incentive Program" to define the remuneration and bonus incentive methods and promote the achievement of employee performance.

2. Equity Incentive

In order to promote the long-term development of the Company, and combine the interests of shareholders, the interests of the Company and the personal interests of employees, the Company, based on the principle of "equality of benefits and contributions", established an equity incentive mechanism during the Reporting Period to encourage talents to give full play to their initiative and remain in office for a long time.

3. Staff Awards

In order to encourage the outstanding employees, create a positive and progressive working atmosphere, the Company has set up a variety of awards to commend the outstanding employees. In 2020, a total of 174 outstanding individuals and 42 outstanding teams were awarded with honorary certificates and bonuses. In addition, the Company has formulated the "Management System for Innovation Proposal" and held an employee innovation conference to encourage employees to provide practical improvement measures for a series of operations and management such as R&D, process and equipment based on their work experience.

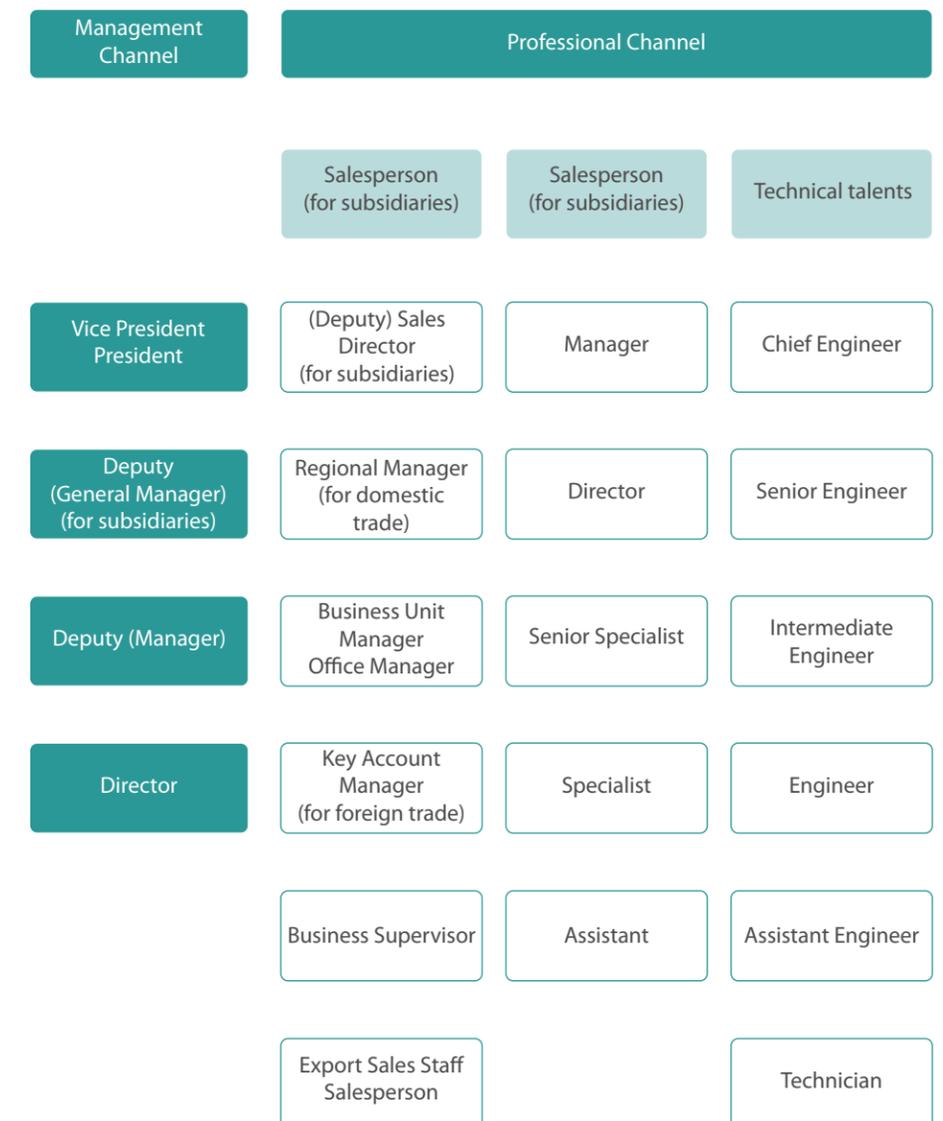
Advice and Practice

In order to enable employees to obtain sufficient growth space and development opportunities in the Company, the Company has formulated the "Promotion Management System", the "Promotion System of the Stores", the "Rules for Channel Promotion and Downgrade" and the "Management System for Kinship Avoidance" to clearly specify the channel personnel's promotion channels, promotion conditions, promotion process, post-promotion management, definitions of various relatives, types of avoidance, avoidance situations, respectively. Additionally, the Company has established an open and transparent career development path and training system for all employees to help employees continue improving their comprehensive capabilities and to promote the mutual development of talents and the Company.

Career Development of the Employees

The Company attaches importance to the development of talents, so it has set up a "dual channel" career development system, namely management channel and professional channel, and established the internal evaluation, training, development path and standards of the dual channel, so that the management employees or the professional employees can be promoted step by step. Employees can also change the role between management channel and professional channel to realize multi-channel and all-round career development. In addition, the Company has established a talent echelon construction system to continuously optimize the human resource structure to ensure that it matches the business strategy. The Company attaches great importance to the training of expert teams, constantly improves the introduction and training mechanism of experts, promotes the continuous improvement and development of R&D and technical talents in the professional field, and attracts and retains more talents.

Promotion Channel



The Company decided to establish an EMT management team (Executive Management Team) in 2016. This made it possible to quickly respond to the opportunities and challenges brought by the rapidly changing market climate. This also helped to further enhance the Company's mid/long-term planning, to improve its major business decision-making capabilities, and to support digital transformation, giving full play to the advantages of collective decision-making. Moreover, the Company implemented the rotating CEO system, playing an active role in business coordination and work driving and achieving remarkable results in core management training.

The Company regularly organizes promotion in a centralized manner on an annual basis and provides a broad platform through the establishment of a comprehensive mechanism to ensure that the promotion opportunities are available for the outstanding personnel. Taking Purcotton as an example, it further identifies high-potential talents by establishing self-established talent evaluation standards, talent review, establishing talent pool, building reserve talent echelon and other measures, and customizes personalized counseling plan to help employees grow continuously. Since 2018, the Company has reviewed 482 intermediate and senior talents and identified 115 high-potential talents in the headquarters.



Employee Training

The Company focuses on employee development. Based on the concept of common development of the Company and employees, considering the employees' career development intention, the Company has established an employee development system, so that employees at all levels have the opportunity to receive training and learning on different career development channels, enhancing the employees' work skills and abilities to meet their needs and achieve the development goals of the Company.

The Company has established a complete staff training system, providing a number of training activities such as professional training, management training, and general training. In addition, it has extensively carried out "industry-university-research" cooperation to introduce and train professional and technical talents, improve the comprehensive quality and professional ability of the talents and build a talent echelon.

In 2020, the Company organized a total of **183** trainings, covering **14,433** employees, with per capita training hour of **16.27** hours.

"Spark Plan" - Training Program for New Salesperson of Domestic Business Unit

The company has set up an induction training program "Spark Plan" for new salesperson of the Domestic Business Unit. The course covers corporate culture, company rules and regulations, product knowledge, skills improvement and leadership. After repeated refining, the course is given in various forms, such as theory, practical operation and on-site explanation, explaining the profound theories in simple terms. New employees can have a deep understanding of the Company's corporate culture, products and brand advantages, so as to be qualified for the post as soon as possible.

The first training was held in December 2020, lasted for 6 days and involved a total of 43 new employees.



"Future Plan" New Employees Training Program

The Company has set up two special induction training programs for new employees: the "Future Plan" spring seedling training camp and the "Future Plan" new employees training camp. Among them, "Future Plan" spring seedling training camp program targets at fresh graduates recruited by Purcotton. It helps the fresh graduates quickly understand the Company's corporate culture, familiar with the Company system, code of conduct, product knowledge and professionalism, and quickly fit in the work environment, complete the role transition in the form of intensified training, including the intensive training 3 weeks before employment, skills training after employment for 6 months, and advanced training after employment for 1 year. A total of 44 employees were trained in 2020. The "Future Plan" new employees training camp program targets at the new employees recruited from the society. Each training is composed of online learning + offline training + practical activities to help new employees quickly understand the Company, identify with the corporate culture, persist in their career choices, understand and accept common language and code of conduct, define positions and tasks, and be qualified for the post as soon as possible. A total of over 600 employees were trained in 2020.



Spring seedling training camp



Spring seedling training camp



New employees training camp

"Future Leadership Plan" Management Training Program

The "Future Leadership Plan" is a targeted training program for the management staff and high-potential intermediate managements, which is divided into sailing class and leading class. Sailing class is aimed at management staff and executives, aiming to help high-potential primary managements improve systematic management strategies, methods, and tools, and achieve a change in management role recognition, and help build a more competitive and high-performance management team of Purcotton. A total of about 35 employees participated in the class in 2020. Leading class is aimed at high-potential intermediate managements, aiming to help them improve systematic management strategies, methods, and tools, improve team leadership, promote team performance, and further examine self-value and improvement space to achieve the common development of the employees and the Company. A total of about 25 employees participated in the class in 2020.



II

During the Reporting Period, approximately **400** employees were involved in the "Future Blueprint Plan" Professional Training Program.

"Future Blueprint Plan" Professional Training Program

The "Future Blueprint Plan" store training program aims to better empower the store area management team, help the team develop its "internal strength", enhance the leadership of the management staff, and promote the achievement of performance. The program is carried out based on the annual training needs.

E-commerce training program: For the purpose of this program, different training programs were implemented for elite store managers, customer service personnel, and operators nationwide to improve the professional skills and comprehensive quality of the customer service team. In 2020, the Company launched customer service classes, backbone training classes, intern classes, and curriculum development classes. The training covers sales skills, product knowledge, service skills, and primary management tools and methods.

Channel training program: This program aims to help the sales team of the channel business unit deploy best practice experience and improve the comprehensive skills of the sales team through internal training and external professional lecturers.

The new retail ecology training program: This program targets the new retail ecology team, aiming to improve the cohesion, centripetal force and execution of the new retail ecology team, realize the dream of "one team one dream", and integrate the team spirits such as, struggle, passion, and trust to work, achieving the goal of team integration and collaboration.



E-commerce customer service personnel training camp



Co-creation camp for store regional leadership enhancement

Employee Communication

The Company advocates pleasant, harmonious, and simple interpersonal relationships, and frank and effective communication and cooperation modes. The Company has established a sound communication mechanism and continuously expanded communication channels to provide assistance to employees in job satisfaction improvement, labor guarantee, interpersonal relationship handling, opinion suggestion and complaint handling.

1. Information Disclosure

The Company promotes communication and information sharing with the employees through various methods such as weekly meetings, monthly meetings, emails, formal and informal exchanges, and interactions. In addition, the Company has established online communication channels such as the Company sharing platform, EHR announcement platform, official account of Purcotton, official account of Purcotton recruitment, and WeChat enterprise account Culture Assistant to release relevant information in a timely manner.

2. Employee Satisfaction Survey

Through regular or irregular, written or face-to-face surveys, the Company solicits employees' opinions and satisfaction on working environment, internal management and other aspects, so as to encourage the employees to give feedback on their true ideas.

3. Reasonable Suggestions

Employees are encouraged to put forward reasonable suggestions on all aspects of their work or business management by presenting any opinions and suggestions to their direct superiors or department managers through internal mail, president's mailbox, and interviews. The Company listens to and collects employees' suggestions and opinions, and feeds the same back to relevant departments as a reference for improvement. At the same time, commendation or rewards will be given to the reasonable suggestions adopted.



4. Barrier-free Communication

The Company builds a barrier-free communication mechanism to encourage employees to complain about unfair treatment. The Company has formulated a detailed complaint process to encourage employees to communicate with the management in a timely manner. The Company makes the HR special mails available to all employees, and HR needs to handle the employees' questions, complaints and appeals without delay and provide timely feedback on the handling results, realizing barrier-free communication to ensure that every employee is in the "service area".

Humanistic Care

The Company has always adhered to the vision of "Caring for Health and Life, Making A Better World". Abundant employee activities can not only promote the physical and mental health of employees, but also promote the construction of corporate culture, allowing employees to experience the Company's family-like warmth.

Cultural Activities for Employees

The Company attaches importance on cultural construction. It enhances employees' sense of identity, happiness, sense of acquisition, security and pride, and cultivates employees' positive values and social responsibility through cultural publicity, rich knowledge-sharing activities and recreational and sports activities.

The Company organizes employee activities and has established employee activity groups such as the Badminton Association, Basketball Association, Dance Association, and Purcotton Running Team. During the Reporting Period, the Company held a series of colorful recreational and sports activities such as Children's Day activities, Mid-Autumn Festival activities, Teachers' Day activities, and Wutong Mountaineering Competition.

Mountaineering Competition at Shenzhen Wutong Mountain

The year 2020 is the 15th consecutive year for the Company to hold the Mountaineering Competition at Shenzhen Wutong Mountain. The Company hopes to help employees to build their bodies, hone their will, and develop perseverance and strength through mountaineering activities.



Group photo of the mountaineering competition



Each subsidiary teamed up to participate in the local marathon



The management of each company teamed up to participate in the local marathon

1. Annual Ceremony

Through setting up the department star show, evening party, presentation of awards, fun interactive games and other innovative links, the 2020 annual meeting of Winner Medical has saw a good activity result and won the recognition of employees.

2. Induction Day Activities

In order to allow all employees to spend a meaningful induction anniversary, the Company let employees feel the warmth of the stable family slowly by expressing warm induction anniversary blessing and presenting the heart-warming anniversary gift.

3. Photography Competition

The "Winner Medical Under the Camera" photography competition collected outstanding works from all members at the early stage, conducted interactive voting at the intermediate stage, and finally selected the outstanding photography talents. This activity strengthened the connection between the headquarters and its subsidiaries, strengthened employees' love for Winner Medical, and enriched their cultural and recreational lives.

4. Mid-autumn Festival Activities

The Company organized Mid-Autumn Festival activities, including basketball shooting, jigsaw puzzles, lucky draw, "MOON TOUCHING", so that employees could integrate into the festive atmosphere and experienced the happiness of Mid-Autumn Festival.

5. Activities on Double Eleven Shopping Festival

The Company arranged the office area, established energy supply area, organized the launch meeting and the commendation meeting, in a bid to allow all e-commerce employees of Winner Medical feel the Company's warm care during the "11/11" period.



Children's Day activities



Teacher's Day activities



Team Building activities



Employees symposium



Mid-autumn Festival Activities



Annual meeting

Caring for Employees

In the process of rapid development and growth of the Company, in addition to attaching importance to employee capacity building and career development, the Company continues exploring more humane management, enhancing employee care and attention to employees, and deepening the cultural atmosphere.

In order to help employees more effectively, the Company has established an employee care mechanism. It organizes president meet-and-greet for new employees and a variety of employee communication/exchange meetings from time to time, so as to understand employees' needs, address the employees' difficulties, and enhance employees' satisfaction and sense of belonging.

In 2020, the Company established the Purcotton Charity Association. The Association operates in accordance with the "Management System of Purcotton Charity Association" and effectively helps employees with difficulties due to major illnesses and accidents. Based on the principles of "special funds for special use, keeping expenditures within the limits of income, and providing appropriate assistance" and "fairness, justness, and openness", the Charity Association has established a special account for charity relief funds and regularly publicized the current accounts of charity relief funds. The Financial Management Center managed the income, expenditure and other archives of charity relief funds. In addition, the Company has established a charity association management committee. Such committee follows and implements the management system of the Association, takes every application for assistance from the Association seriously, takes practical actions to help transfer the love, and jointly reviews the charity relief projects.

II

By the end of January 2021, less than 1 year after its establishment, the Association has received a total of nearly RMB **300,000** of charity funds, and completed **5** charity reliefs with a total of RMB **85,000** of charity relief disbursements.

Passing on Love - Charity Association

Since its operation in May 2020, the Charity Association has received great attention from all employees, who supported and responded to it.

With charity relief as the link, the Charity Association condenses the warmth and love of the employees of Purcotton, making the Company more emotional and the culture warmer, interpreting the corporate cultural values of "caring for employees" with practical actions, and further demonstrating the brand concept of "happiness, peace of mind, and sustainability" of Purcotton.



Poster for Purcotton Charity Association



Granting of charity relief funds

"Photo of Me and My Mom" Mother's Day Activity

For the Mother's Day in May, the Company specially initiated the "Photo of Me and My Mom" activity to encourage all employees to record the wonderful moments of life through photos, share the warmth of home, and feel the temperature of love. For the Mother's Day activity in 2020, the Company collected 25 photos of "babies" with their moms and 25 sweet stories. By means of this, the Company hoped to allow the employees feel the strong maternal love and remind employees to be grateful. In addition, the Company has prepared a surprise "hot mom gift" for every working mother. With the theme of Mother's Day, each department launched an afternoon tea activity of "Grateful for Moms and Caring for Women" to care for every working mother.



II

During the Reporting Period, The Company's safety management investment amounted to more than RMB **3** million.

Health and Safety

The Company regards the protection of employees' health and safety as an important task in production and operation, and improves the Company's safety production management system by formulating safety production process documents, organizing safety production training, establishing emergency management plans, in a way to create a healthy and safe working environment for employees.

Work Safety Management

The Company strictly abides by the national laws and regulations on work safety, has formulated the "Management Regulations for Work Safety Responsibility Management System", the "Management Regulations for Emergency Preparedness and Response Control" and other management measures, implementing the main responsibilities of all organizations and levels, and building long-term work safety mechanism to ensure the safety and health of employees at the production site.

The Company has formulated a "three-simultaneousness (simultaneous design, construction and operation)" approval system for new infrastructure projects to perform three simultaneous approvals for new reconstruction and expansion projects to ensure the compliance "with the project's "three-simultaneousness. The branch offices inspect the risk points on a regular basis, and publish a monthly summary of safety and environmental protection, and implement closed-loop management for all risk points to eliminate potential safety and environmental hazards. Moreover, the Group inspects safety and environmental protection from time to time, guides the safety and environmental protection of the branch offices to control the risk points. During the Reporting Period, no major work safety accidents occurred in the Group.



Winner Medical (Huanggang) Co., Ltd. was rated as Level 2 enterprise in work safety standardization by Emergency Management Department of Hubei Province

Safety Inspection



Safety inspection by General Manager of branch office



Safety inspection of the Group



Safety inspection and summary of the Group headquarters

The Chairman and the Vice President in charge of the production factory, the Vice President and the General Manager of each factory, and the General Manager of each factory and the safety control officer sign the safety responsibility order.



The Company has formulated a number of emergency plans for work safety and completed the filing. In addition, the Company made response according to the emergency plan level by level, released such supporting systems as the "Management System for Emergency Plan", the "Management System for Emergency Supplies", and the "Development of Emergency Personnel Training Plan" to provide guarantee for emergency supplies and emergency personnel, organize drills on a regular basis, improve emergency response capacity, and control the work safety and environmental accident risks of the Company.

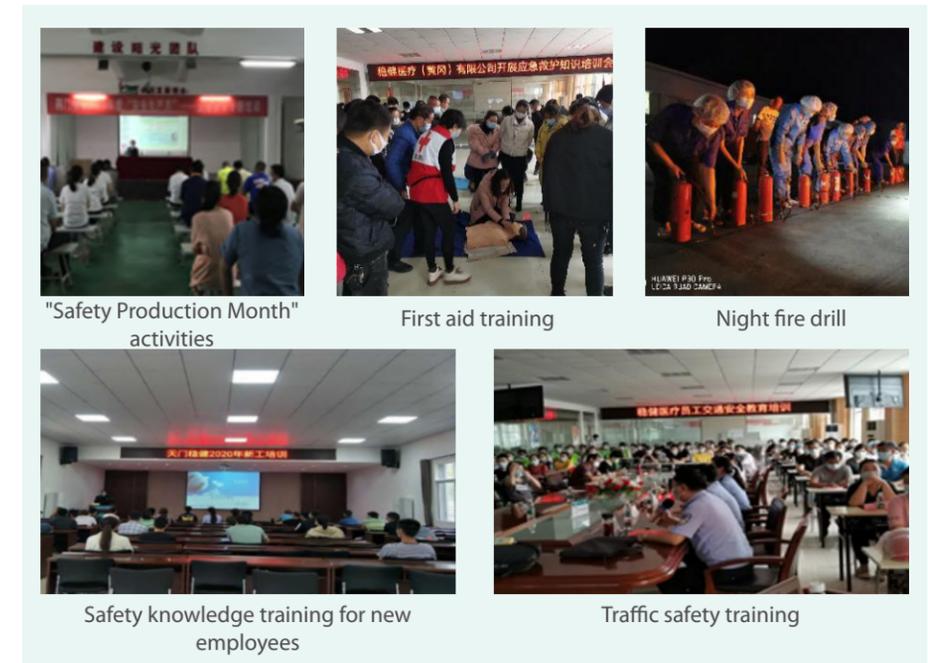
Publicity of Safety Awareness

The Company publicizes safety production knowledge by organizing safety training and posting safety publicity posters, in a bid to improve employees' safety awareness and reduce and avoid potential accidents.



Safety bulletin board

During the Reporting Period, the Company also held a series of safety education and safety training activities such as "Work Safety Month" activities, traffic safety training, first aid training, fire-fighting knowledge training, and workshop safety training.



Occupational Health Management

The Company attaches great importance to the occupational health status of employees, strictly abides by the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", and has formulated the "Management System for Occupational Health" to monitor and manage the operation control, environment, safety objectives and performance, and compliance with laws and regulations related to occupational health and safety, and to regulate the operation and activities related to occupational health and safety risks, so as to protect the occupational health of employees with practical actions.

In 2020, the Company continued making efforts to the occupational health protection of employees, formulated occupational health management systems such as the "Occupational Health Monitoring and File Management System", "Management System for Occupational Disease Harm Monitoring and Evaluation", "Hazard Identification and Risk Assessment Form", and established special funds for purchase of labor protection supplies and physical examination. In addition, the Company maintained and repaired the protective facilities on a regular basis, increased the utilization rate of various protective facilities, and performed pre-assessment of occupational health, file management, publicity and education as required by regulations. During the Reporting Period, no occupational contraindications or occupational cases occurred in the Group.



04

Working Together - Building A Better Future

-  Environmental Protection P87
-  Cooperative Partner P93
-  Community Harmony P96

Winner Medical fulfills its corporate citizenship obligations, and works with stakeholders to implement green production, build a responsible supply chain, and participate in community construction, contributing to maintaining harmonious relations between all sides.



Environmental Protection

Environmental Management

The Company implements the "Environmental Protection Law of the People's Republic of China", "Environmental Impact Assessment Law of the People's Republic of China", the "Regulations on the Environmental Protection Management of Construction Projects" and other laws and regulations, strengthens the operation and management of environmental protection facilities, and responds to pollution accidents or other emergencies. The Company has formulated the "Environmental Work Supervision Regulations" and "Environmental Management Regulations" and other systems to supervise and review the Environment Impact Assessment (EIA) project approval, the new construction, reconstruction and expansion of environmental protection projects, the acceptance of environmental protection projects, the annual report of environmental protection system and other work of the branch offices.

Energy Conservation

The Company is fully aware of its environmental responsibility and insists on minimizing the negative impact on the environment in the manufacturing process. Through continuous optimization of production processes, technologies and processes, the consumption of energy and resources is reduced to create an environmentally-friendly company.



"Zero Preservative Multi-Piece Wipes" Project

This project optimizes material modification treatment and finishing on the basis of pure cotton spunlace fabric technology. One-step method is adopted for post-treatment, modification and washing process, in a way to shorten the process flow and reduce energy consumption. "Zero Preservative Multi-Piece Wipes" is an extension of the application technology of pure cotton spunlace non-woven fabric. Compared with the peers in the industry, it boasts the advantages of better performance in environmentally-friendliness, safety and energy-conservation.

Energy Management

The Company promotes energy conservation in office space, and improves the efficiency of electricity consumption by means of controlling equipment power consumption duration and upgrading lighting equipment:

- Turn off the drinking dispensers, computers, printers and other electrical equipment when not in use, unplug the plug, and disconnect the power source
- Keep the air conditioning temperature within a range of 22-26°C, and turn off the air conditioner if the user will go out for more than half an hour to reduce energy consumption
- Replace with LED lamp and use interval lighting to reduce lighting energy consumption



In order to strengthen the publicity of awareness, the Company posted energy-conservation and consumption-reduction posters in the office area, calling on employees to practice green office from daily work.



Besides, the Company provided environmental protection and energy conservation training for new employees, taught knowledge about energy conservation and consumption reduction, cultivating employees' awareness of conservation.



During the Reporting Period, the Company's energy usage was as follows:

Type of energy	Unit	In 2020
Purchased electricity	MWH	143,760
Gasoline	L	12,797.87
Diesel oil	L	18,475.99
Natural gas	10,000 Nm ³	1,715.28
Steam	GJ	86.74
Comprehensive energy consumption	TCE	41,737.48
Comprehensive energy consumption per unit of income	TCE/10,000 RMB	0.0776

The Company cares for ecological environment and is committed to the innovative development and application of cotton fiber. By producing pure cotton products, the Company replaces the woven products with non-woven products and chemical fiber with pure cotton products, in a bid to reduce carbon dioxide emissions during the manufacturing of chemical fiber products and reduce the carbon footprint of the industry.

Replacement of Spun-bonded Fabric for Masks

During the Reporting Period, the Company applied pure cotton non-woven fabric technology to the inner layer of masks, and replaced the non-degradable spun-bonded fabric layer with a degradable pure cotton non-woven fabric layer. This replacement makes the product protective, permeable, and comfortable. On the basis that all performance indicators of the mask meet the requirements of the domestic standard, "Disposable Medical Masks (YY/T 0969)", the materials used are more environmentally-friendly.

Replacement of Plastic Stick in the Cotton Bud

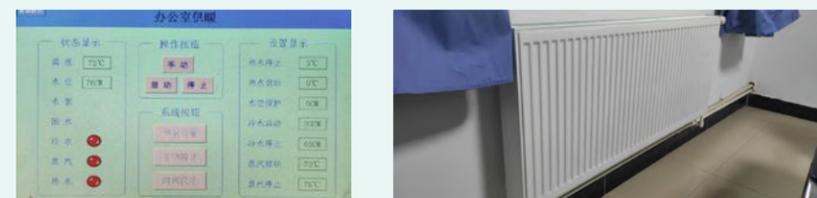
During the Reporting Period, the Company replaced the original non-degradable plastic sticks in cotton buds with biodegradable bamboo and paper materials, reducing the production and use of plastics and facilitating the Company reduce its carbon footprint.



The Company complies with the "Energy Conservation Law of the People's Republic of China" and other laws and regulations, implements low-carbon management, monitors the energy usage of each business line, and controls greenhouse gas emissions. We respond to the call of the "14th Five-Year Plan" of China and strive to promote corporate carbon emission management. We reduce energy consumption and carbon dioxide emissions by means of energy management, new material research and development, and excellent operation.

Recycling of Heat Energy Produced by the Workshop

In order to reduce the waste of heat energy in the production and realize resource recycling, the Company collects the high-temperature discharged water (about 90°C) after boiling and bleaching through heat exchange, and delivers it to the heating radiator in the office area for heating.



During the Reporting Period, the Company's greenhouse gas emissions were as follows:

Type of greenhouse gas	Unit	In 2020
Greenhouse gas emissions (Scope 1)	t CO ₂ e	35,090.2
Greenhouse gas emissions (Scope 2)	t CO ₂ e	81,706.2
Total greenhouse gas emissions	t CO ₂ e	116,796.4
Greenhouse gas emissions per unit of income	t CO ₂ e/RMB 10,000	0.2173

Remarks:
a. Direct emissions (Scope 1): Emission sources are owned or controlled by the reporting company, such as emissions from emission pipelines, processes, ventilation facilities, and vehicles owned/controlled by the reporting company.
b. Indirect energy emissions (Scope 2): Emissions are generated from the operation of the reporting company, but are generated from emission sources owned or controlled by other companies, such as those generated by the purchased electricity.

Resource Management

Water Resources Management

The Company continuously optimizes the production process, adjusts the water usage structure, avoiding the waste of water resources through efficient water-conservation measures. During the Reporting Period, the Company's subsidiaries further tapped water-conservation potential by improving water management through measures such as posting water-conservation signs and hiring third-party companies to conduct water balance tests.

Zero Emission Project of Atomization and Washing

The core technology of this project is the integration of atomization, washing and drying. The project aims at ultimately achieving the goal of zero emissions to save energy, cut emission, and protect environment through reducing water use and energy consumption. The new process is expected to save 14,567 tons of water resources, which is equivalent to saving the costs of sewage treatment agent and hydrophilic softener for 14,567 tons of waste water; compared with conventional washing, it can save water by 85% and labor cost by 50%.

The Company has also been recognized for its efforts in water management.

稳健医疗(天门)有限公司被命名为省级节水型企业

发布时间: 2021年01月12日 来源: 天门网 阅读: 218 打印: 字体:
天门网讯(全媒体记者李潇潇)近日,省住建厅发布《关于认定省级节水型企业(单位)、居民小区的通知》,其中,稳健医疗(天门)有限公司被命名为省级节水型企业。
为加快推进节水型城市建设,依据住房和城乡建设部和国家发改委印发的《城镇节水工作指南》《节水型城市申报与考核办法》及《湖北省节水型企业(单位)申报与考核办法(试行)》等工作要求,经企业(单位)、居民小区申请,所在地行业主管部门预验收,省住建厅组织专家进行评审,认定武汉市等4个城市的16家企业、9家单位、3家居民小区为省级“节水型企业(单位)、节水型居民小区”。稳健医疗(天门)有限公司严格执行国家相关取水许可制度,新建、改建、扩建项目时实施节水“三同时”制度,即节水设施必须与主体工程同时设计、同时施工、同时投入运行,符合我省节水型企业考核标准,被命名为省级节水型企业。

In 2020, Winner Medical (Tianmen) Co., Ltd. was rated as a provincial water-conservation company

Upgrade of Packaging Materials

The Company attaches great importance to the effective use of packaging materials and uses, wherever possible, packaging materials that not only ensure product quality but also reduce environmental impact. During the Reporting Period, the Company further optimized the use of packaging materials, implemented de-plasticization projects, upgraded product packaging from non-degradable PE bags to completely degradable paper bags, reducing plastic consumption.



Upgrade of product packaging

During the Reporting Period, the Company's packaging materials used were as follows:

Classification of packaging materials	Unit	In 2020
Plastic	Ton	980
Carton	Ton	1,030

Meanwhile, the Company continues publicizing green office and encourages employees to save paper resources through electronic office and recycling.

- Copy and print documents on both sides of paper, reduce line spacing and scale down the font size
- Reuse and recycle recyclable cartons and briefcases
- Adopt network sharing as much as possible, pass and read files on the sharing platform, or use e-mail instead of paper documents



Pollution Control and Emission Reduction

Waste Management

The Company strictly abides by the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste" and has formulated the "Regulations for Waste Management and the Hazardous Chemicals Management System" and other documents to clarify waste storage and disposal procedures.

The Company disposes of solid wastes based on the principle of "classified recycling, centralized storage, and unified treatment".

- Classify and temporarily store the toxic and hazardous solid wastes by the garbage disposal personnel and hand the same over to a third-party professional company for disposal.
- Sell the renewable solid wastes to a qualified waste recycling company.
- Transfer non-recyclable solid wastes to the garbage disposal station designated by the government by the garbage disposal personnel on a regular basis.
- Classify and temporarily store the toxic and hazardous solid wastes by the garbage disposal personnel and hand the same over to a third-party professional company for disposal.

Pollutant Discharge Management

In order to control the Company's pollutant discharge, the discharge should be up to the standards. The Company strictly complies with the "Law of the People's Republic of China on Air Pollution Prevention and Control", the "Law of the People's Republic of China on Prevention and Control of Water Pollution", the "Law of the People's Republic of China on Prevention and Control of Noise Pollution", the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste" and other applicable laws, regulations and standards, and has formulated such internal management procedures as the "Environmental Work Supervision Regulations" and "Management Regulations for Environmental Protection" to ensure the detection and analysis of waste gas and wastewater.



Low Nitrogen Combustion Retrofit of Gas-fired Boiler

During the Reporting Period, Winner Medical Products (Jingmen) Co., Ltd. performed a low-nitrogen combustion retrofit.

With the adoption of low-nitrogen combustion technology, 80%-85% of the fuel is sent to the main combustion zone and burns at an air excess coefficient of $\alpha > 1$, while the remaining 15%-20% of the fuel is sprayed into the upper part of the main burner as a reducing agent to form a reburning zone. The air excess coefficient in the reburning zone, α , is less than 1. The reburning zone not only reduces the generated NOx, but also inhibits the generation of new NOx, further decreasing the emission concentration of NOx.

H

In 2020, a total of approximately **2.07** tons of nitrogen oxide emissions were reduced.

During the Reporting Period, the Company's pollutant emissions were as follows:

Type of exhaust gas	Unit	In 2020
Exhaust emission		
NOx	Ton	29.23
SO ₂	Ton	0.451
Wastewater discharge		
COD	Ton	161.65
NH ₃ -N	Ton	11.889

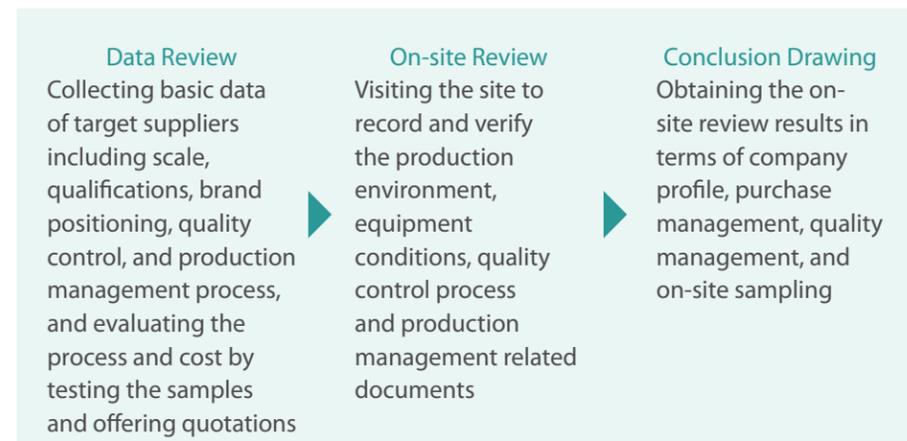
Cooperative Partner

Stable and reliable raw materials are the foundation for Winner Medical to provide quality products and services. The Company has established clear quality standards, purchase management documents and processes, implemented purchase price process maintenance and approval management, and implemented centralized management for bulk materials by the Group.

Supplier Management

In order to screen qualified suppliers, the Company has formulated the "Specifications for Development of New Suppliers of Production Materials" and the "Review Specification for Suppliers of Production Materials" and other procedures to clarify the supplier access process. We conduct an all-round evaluation of the suppliers to be accessed through data review, on-site verification and other processes to ensure that they meet the Company's supply qualifications.

Supplier Access Process



In order to control the purchase risks, the Company regularly performs performance evaluations on the suppliers, and implements hierarchical management and control of suppliers by the risk levels of materials. According to the quarterly assessment and evaluation results, the Company scores from the aspects of quality, delivery, cost, and service, and sends improvement notices and warning letters to the suppliers failing to get qualified score. The suppliers that fail to meet the performance assessment standards will be eliminated.

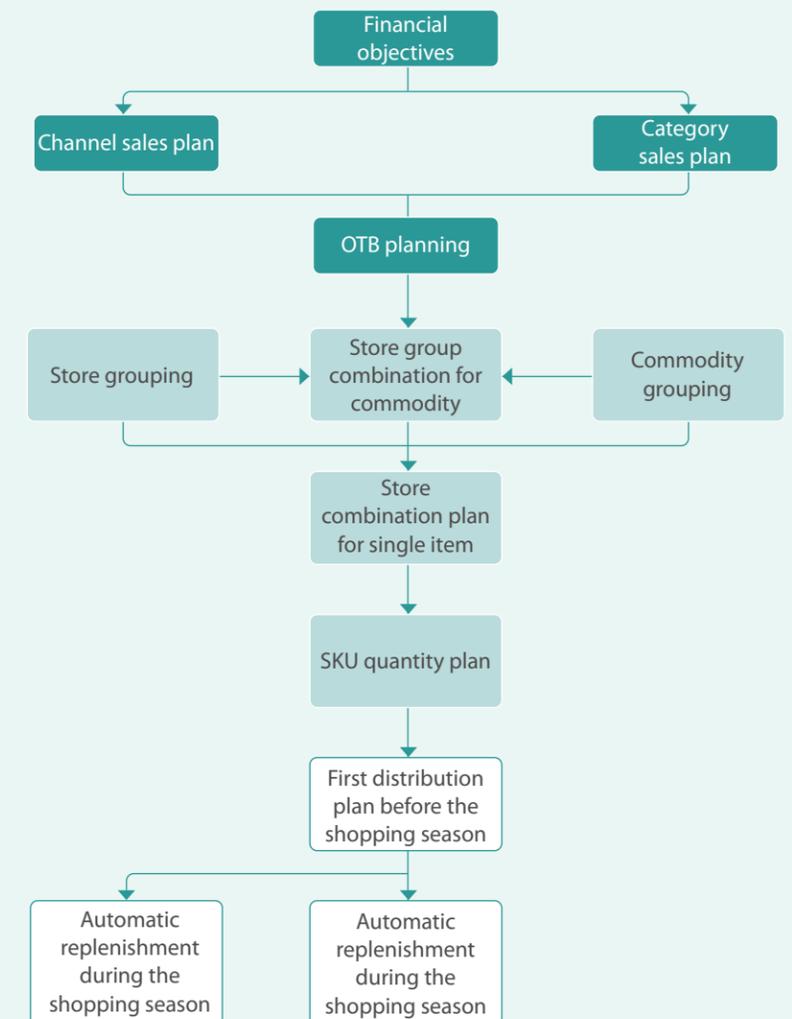
Periodic Supplier Assessment

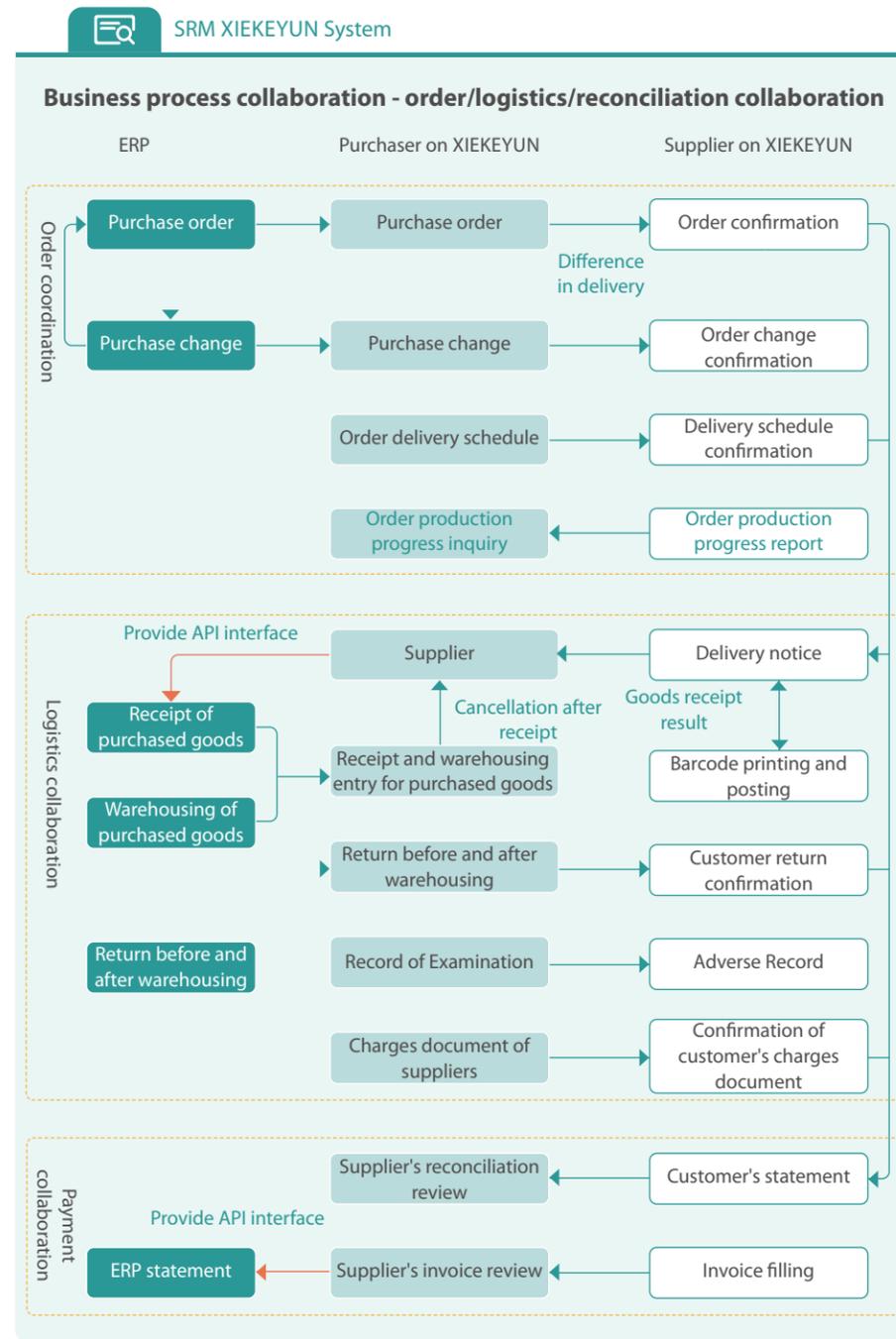
The Company organizes, on a quarterly basis, each functional department to score the suppliers with purchase records in the current quarter by development ability, delivery ability, quality evaluation and financial evaluation. The score of 85 or above is rated as A, 70-84 as B, 60-69 as C, and 60 or below as D. Improvement notices are sent to the suppliers rated as C/D and the progress and results of improvement are regularly tracked.

During the Reporting Period, the Company reorganized the bill of materials and the list of materials submitted by the suppliers. Besides, the Company launched the CAR and SRM XIEKEYUN (<https://www.xiekeyun.com>) system to manage the whole purchase process of the suppliers of the medical consumables product line, optimizing the purchase procedures and reducing the purchase risk to realize the online order signing, confirmation, scheduled delivery and online reconciliation for the suppliers of the consumer product line, as well as the management of potential suppliers. The Company has realized online collaboration and digitization for the basic purchase business.

CAR System for Commodity

During the Reporting Period, the CAR system for commodity was officially launched. The system makes the business visible and controllable, reduces labor costs and potential error risks by controlling and systematizing business processes from business objectives to category sales plans to commodity purchase, distribution, replenishment, and allocation.



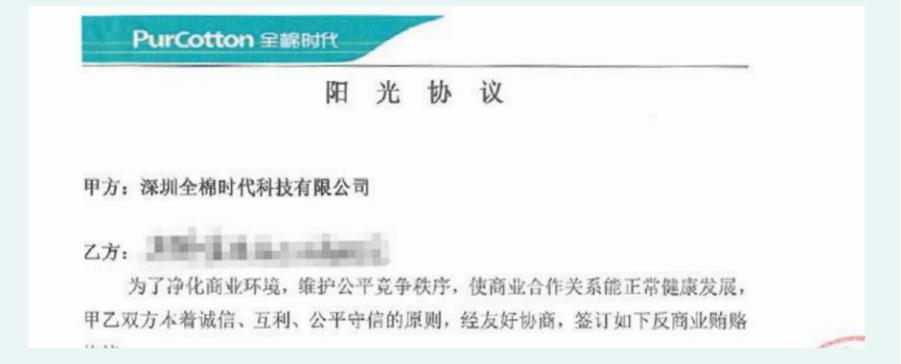


Responsible Supply Chain

The Company is committed to building a responsible supply chain together with upstream and downstream partners. During the supplier assessment process, we take environmental protection, resource conservation, safety and health into consideration. The medical consumable product line encourages suppliers to obtain ISO 14001 and other management system certifications and the consumer product line requires the suppliers involved in sewage discharge (such as printing, dyeing, washing and other production links) to provide relevant department approval and the valid sewage discharge permit, which is a prerequisite for cooperation with suppliers.

Transparent procurement

In the process of cooperation with foreign customers, Winner Medical has always adhered to the principle of "clean and transparent" cooperation, and opposed any practice of favoritism, bribery and other violations of laws and regulations. The Company insists on "transparent purchase". In accordance with applicable national laws and regulations, it has signed an integrity and honesty agreement with suppliers, elaborating and restraining commercial bribery, and established corresponding punishment mechanism and reporting supervision mechanism against behaviors violating applicable regulations. In 2020, we required the addition of anti-fraud term in all contracts to follow the principle of "zero tolerance" for fraud. During the Reporting Period, the signing rate of supplier integrity agreement/integrity agreement was 100%.



Community Harmony

The success of an enterprise is inseparable from the support of the community. The Company continues focusing on public services, fulfills its corporate social responsibilities, organizes activities such as poverty alleviation and assistance for farmers, respecting the elderly and helping the disabled, youth support for education, and anti-pandemic donations to convey the Company's responsibility culture, establish a good corporate image, and contribute to the construction of a better and harmonious society.

Winner Medical's efforts and contributions to the community, employees, and the environment have also been recognized by the society. In May 2020, the Company won the "10 Years Plus Caring Company Logo" award from the Hong Kong Council of Social Service.



Poverty Alleviation

Poverty Alleviation - Charity and Assistance in Longhua New Area

On May 20, 2020, the Company donated RMB 500,000 to poverty-stricken areas to which Longhua New Area provided paired assistance via the Longhua New Area Charity Association. In addition, the Company participated in the live streaming for the poverty alleviation and agricultural assistance of Longhua New Area. In September, it presented at the live commerce activity "'Two New' (new economic and new social) Organizations' Secretaries Express" & "Endorsement for Poverty Alleviation Products" in Longhua New Area, assisting the sale of poverty alleviation agricultural products and helping people in mountainous areas get rid of poverty and become rich.



Voluntary Activities

Young Pioneer Scholarship for Social Innovation of Winner Medical

In 2020, through the "All-China Federation of Returned Overseas Chinese - Chinese Community Volunteers" activity, Winner Medical established the "Young Pioneer Scholarship for Social Innovation of Winner Medical" program to promote the sustainable development and social services of Chinese young college students and encourage Chinese youth to practice overseas public services, to serve local communities in a socially innovative way, and to "tell the world a good Chinese story and project a stronger Chinese voice".



Launching ceremony of "Chinese Community Volunteers"



"Youth Serving the Nation" - Three-year Plan of Summer Social Practice Activities for College and Technical Secondary School Students in Beijing in 2020

During the Reporting Period, the "Youth Serving the Nation" 2020 campaign was implemented through online collaboration, with the establishment of "three practical topics and three special plans":

- Special plan for telling Stories to combat COVID-19 and building up institutional self-confidence: Explore and publicize the cases and touching stories from the pandemic prevention and control, illustrate the institutional advantages, and enhance institutional confidence;
- Special plan for poverty alleviation and serving the development of hometown: Contribute our wisdom to poverty alleviation through online education, remote counseling, policy publicity, and technical support;
- Special plan for focusing on public health and people's health: Implement research and publicity for COVID-19 prevention knowledge, garbage classification, rural medical care, scientific sports, and mental health, in a move to disseminate health knowledge and promote health for all.

The year 2020 marked the third year that Winner Medical supports the summer social practice activities of "Youth Serving the Nation". The Company hopes to continue making its contributions, fuel the growth of future national pillars, and boost social development.

Assistance for Special Community

Assistance for the People with Visual Impairment through Social Enterprise Innovative Cooperation

Winner Medical agents ORCAM smart reader brand and helps NGO social organizations to apply for government and charitable funds in the form of social enterprise innovative cooperation, so as to provide funds to the population with visual impairment, facilitating their daily life and improving the quality of life. The Company recommended Zhu Jianhua, the first Hong Kong triathlon athlete with visual impairment in Asia, to run for the "Hong Kong Spirit Award 2020 - Perseverance Award" to strengthen the social influence of the blind community and improve the health and welfare of the visually impaired population.



Zhu Jianhua in training

Future Prospect

We will continue building the world's leading health company for medical consumables, home care products, and good daily necessities, and always adhere to the three lines of defense: quality management, work safety, and energy conservation and environmental protection. In addition, we will strengthen coordinated operations and improve risk prevention; remain true to our original aspiration, make continuous innovation, improve customer service experience, and continue leading the industry's sound development from "Made in China" to "Created in China", from Chinese brand to international brand; insist on green development and implement environmental protection reform; enhance coordinated operation and improve risk prevention level; cooperate with partners for common development.

Besides, we will continue upholding the sustainable development concept of pursuing quality of life and loving health and environmental protection, optimizing the internal control management system, and creating higher-quality "Winner Medical", "Purcotton" and "PureH2B" brands, so as to improve our social value and social influence, present products that are filled with happiness, peace of mind and sustainability to consumers and make contributions for a better life.

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