



New Century Healthcare Holding Co. Limited
新世紀醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1518



2021 Environmental, Social and
Governance Report



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Environmental, Social and Governance Report

ABOUT THIS REPORT

This report (the “**Report**”) is the Environmental, Social and Governance (“**ESG**”) Report released by New Century Healthcare Holding Co. Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) which aims at reporting the Group’s performance on environmental, social and governance-related issues pursuant to Appendix 27 (Environmental, Social and Governance Reporting Guide) to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (the “**ESG Reporting Guide**”).

BOARD STATEMENT

The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporate environmental, social and governance elements into its long-term business strategic planning. As the most important leading role of the Group, the Board has the sole responsibility to oversee, manage and monitor the Group’s environmental, social and governance issues and progress directly.

The Group has set sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s environmental, social and governance performance and adjusting corresponding action plans. Effective implementation of environmental, social and governance policies relies on the collaboration of different departments.

The Group strives to ensure the establishment of appropriate and effective risk management and internal control systems for supervision of the identification and assessment of environmental, social and governance risks and opportunities, and response to the challenges and impacts of different times. Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group and provide material, reliable, consistent and comparable environmental, social and corporate governance information to its stakeholders for making contributions to create a better environment.

Continuous dialogue is maintained with stakeholders that include customers, employees, regulators and the public. The Company seeks to balance the views and interests of these various stakeholders through constructive conversations with a view to charting a course for the long-term prosperity of the Company and the communities we touch.

Environmental, Social and Governance Report (Continued)

REPORTING PERIOD, SCOPE AND BOUNDARIES

This Report covers the period from January 1, 2021 to December 31, 2021.

The information disclosed in this Report covers the core and material business of the Group in the Mainland China. Unless otherwise stated, the relevant environmental key performance indicators (“KPI(S)”) mainly cover subsidiaries of the Group which operates in the Mainland China.

We are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the Report.

REPORTING BASIS

In December 2019, the Stock Exchange issued new amendments to the ESG Reporting Guide contained in Appendix 27 of the Listing Rules. Amendments include the mandatory disclosure of the Board’s oversight of ESG issues and management approach, among other requirements.

This Report has been prepared in accordance with the ESG Reporting Guide. The Group has complied with all “comply or explain” provisions set out in the ESG Reporting Guide and followed the four reporting principles – materiality, quantitative, balance and consistency, in the preparation of the Report.

Reporting principles	Materiality	Quantitative	Balance	Consistency
Application in this ESG Report	Material environmental and social issues were identified and prioritized with inputs from internal and external stakeholders of the Group, and this Report is structured based on the materiality of environmental and social issues.	The Group accounts for and discloses KPIs in quantitative terms for evaluation of the effectiveness of ESG policies.	This ESG report aims to provide stakeholders with a balanced overview of the Company’s ESG performance.	During the reporting period, the Group adopts consistent measurement methodology to achieve meaningful comparison of ESG performances over time whenever practicable. Any change to the calculation methods, KPIs used, or any other relevant factors affecting a meaningful comparison in this Report shall be disclosed.



Environmental, Social and Governance Report (Continued)

Sources of Data and Assurance to Reliability

During the reporting period, the data reported in this ESG Report was prepared based on the Company's internal documents, internal statistical reports and policies. The Company hereby confirms that there are no false or misleading statements having been made in this ESG Report.

Materiality Assessment

Communication with stakeholders

We value our stakeholders' opinions and concerns regarding our business and sustainable development. We strive to maintain open and smooth communication channels for both internal and external stakeholders. Various channels of communication with stakeholders are listed below:

Major stakeholders

Internal stakeholders

Shareholders and investors

Employees

External stakeholders

Customers

Suppliers

Government and regulatory authorities

Major communication channels

- Regular reports
- Timely announcements, circulars and press release
- General meetings
- Corporate website
- Training and meetings
- Performance appraisals
- Emails, notices, circulars
- Team building activities
- Feedback survey
- Face-to-face meetings and visits
- Regular communication
- Regular review
- Routine reports and tax payments
- Compliance supervision

Through the process of engaging its stakeholders, we were able to gain insights on how to further improve our sustainability agenda. With reference to global sustainability trend, peer benchmarking and reporting standards, we identified the following 10 sustainability issues as material for our internal and external stakeholders in 2021.

Environmental, Social and Governance Report (Continued)

Material topics of the Group

The Company identified and evaluated the most important sustainability issues to the Company's stakeholders for the reporting period, and determined the coverage and structure of this Report. The key ESG issues identified by the Company are listed below:

- Medical Services Responsibility and Security
- Intellectual Property Protection and Data Protection and Privacy
- Employment
- Health and Safety
- Development and Training
- Supply Chain Management
- Community Investment
- Emissions Management
- Hazardous Waste Management
- Energy Use and Water Efficiency Initiatives

ENVIRONMENTAL PROTECTION

Environmental Policy

We are committed to proactively managing our environmental impact as an integral part of our operations. In order to reduce the negative impacts of corporate business activities on the environment, we have taken all necessary measures to prevent pollution, actively reduce the consumption and increase the recycling rate of resources. We also strive to identify and mitigate the adverse impacts of air and greenhouse gas emissions, waste generation, natural resources consumption and reduce emissions of pollutants, identify and comply with all relevant environmental legislation, promote environmental awareness among all staff and promote the concept of green office and low-carbon travel to create an environmentally friendly society.

We are subject to various PRC laws, rules and regulations with regard to environmental matters, including hospital sanitation, disease control, disposal of medical waste, and discharge of wastewater, pollutants and radioactive substances. In 2021, our businesses were in compliance with all the relevant laws and regulations with regard to environmental protection in all material aspects.

Given our business nature, we have not set specific targets with respect to reduction of emissions.



Environmental, Social and Governance Report (Continued)

Emissions

Types of Emissions and Greenhouse Gas Emissions

Carbon footprint generated from the headquarter office, hospitals and clinics is disclosed in this Report. Carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas (GHG) expressed in terms of equivalent amount of carbon dioxide (CO₂-eq) emission.

For the year ended December 31, 2021, the total GHG emission emitted by the Group's operation was 4,515 tonnes of carbon dioxide equivalent, among which direct emissions (Scope 1) and energy indirect emissions (Scope 2) were 61 tonnes and 4,399 tonnes respectively. The major source of GHG emission was from the consumption of electricity.

Mitigation of Emissions

We have implemented measures for energy saving and carbon reduction as stated under section "Use of Resources".

We target to promote the effectiveness of resources. The operations of our healthcare medical services produce both hazardous waste and non-hazardous waste.

Hazardous Waste and Non-hazardous Waste

As regards discharges into water and land, and generation of hazardous and non-hazardous waste, the Group strictly implemented the Regulations on the Management of Medical Waste (《醫療廢物管理條例》), the Implementation Measures of the Management of Medical Waste (《醫療衛生機構醫療廢物管理辦法》), the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) and other relevant laws and regulations. For the year ended December 31, 2021, there were 103 tonnes of hazardous waste (medical waste). The disposal of hazardous waste (medical waste) is integral to the Group's clinical operations and its emissions are generally expected to be in line with our business activities. We do not consider it feasible to control or reduce the production of hazardous wastes without compromising sanity and clinical safety, which are of overriding importance. The following measures in respect of medical waste management and sewage treatment are implemented by the Group:

1. Delivering medical waste to a specially designated location for centralized disposal of medical waste;
2. Sterilizing medical waste on the spot before disposal;

Environmental, Social and Governance Report (Continued)

3. Delivering medical waste with leak-proof containers and sterilizing transportation tools upon disposal of medical waste;
4. Obtaining a Sewage Disposal Drainage License (污水排入排水管網許可證) before disposing sewage into urban drainage facilities;
5. Engaging sewage expert in setting up and managing sewage treatment system; and
6. Sterilizing the sewage and conducting regular check on residual chlorine and certain indicator bacteria in the sewage in accordance with the relevant laws, rules and regulations.

For non-hazardous waste, the Group's operations mainly generate packaging waste and administration related paper waste. For the year ended December 31, 2021, there were 4.94 tonnes of paper waste and 4.57 tonnes of packaging and advertising materials waste.

In light of the growing concern about waste reduction, the Group has been practicing default double-sided printing, password confirmation for printing, and minimal product packaging.

Use of Resources

Energy

For the year ended December 31, 2021, the Group consumed electricity of approximately 6,206,389 kWh in total (2020: 5,970,122 kWh).

To reduce the energy consumption, the Company has adopted several energy-saving practices in the office and medical centres. For further details, please refer to the subsection "Energy Use and Water Efficiency Initiatives" below.

Water

For the year ended December 31, 2021, the total amount of water consumed by the Group was approximately 57,798 cubic meters (2020: 53,651 cubic meters). The Group did not have problems in seeking appropriate water resources. The existing supply of water resources could satisfy the Group's needs in the aspects of volume, quality of water and the guarantee of water supply facilities. In 2021, the Group made every effort to maintain similar level of water usage as in the past and carried out measures of reduction in general water consumption in hospital and clinic premises.



Environmental, Social and Governance Report (Continued)

Energy Use and Water Efficiency Initiatives

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business by conserving natural resources, reducing the use of energy and waste. The Group strictly implemented the Law on the Water Resources of the PRC (《中華人民共和國水利法》), the Law on Power Generation of the PRC (《中華人民共和國電力法》), the Law on Energy of the PRC (《中華人民共和國能源法》), the Law on Energy Saving of the PRC (《中華人民共和國能源節約法》) and other relevant laws and regulations.

The following measures in respect of water and energy saving as well as carbon reduction are implemented by the Group:

1. Utilising daylight as far as possible to reduce electricity requirement for artificial lighting and turning off lights in unoccupied areas of office premises;
2. Promoting the use of efficient energy-saving lights and reducing unnecessary lights at night;
3. Maintaining reasonable room temperature;
4. Strengthening the daily maintenance and management of water equipment;
5. Controlling the water consumption of water tanks and other containers in toilets of hospital premises;
6. Adjusting temperature of water boilers with reference to different seasons in the year;
7. Establishing a sound energy inspection system to regularly monitor the operations of water and electricity equipment; and
8. Educating employees on energy saving and efficient use of resources.

Environmental, Social and Governance Report (Continued)

Total Packaging Material Used for Finished Products

Packaging plays an important role in maintaining the quality, safety of our products. All medications prescribed must be packaged individually for identification purposes. Plastic packaging were also used in our medical centres, but we are striving and assessing the possibility to preserve and recycle plastic packing materials whenever possible.

For the year ended December 31, 2021, there were 4.57 tonnes packaging and advertising material and 18.24 tonnes paper used respectively.

The Environment and Natural Resources

The Group's operation and ordinary course of business did not cause any significant impact on the environment and natural resources.

CLIMATE CHANGE

Climate Change

Given our business nature, climate change is not considered to be relatively material to our operation. In spite of this, we still strive to put forward environmental conservation and raise awareness of climate-related issues which may impact our business such as extreme weather events. In addition, we will also regularly review our internal policy and procedures in relation to extreme weather arrangements to reduce relevant risks.



Environmental, Social and Governance Report (Continued)

SOCIAL RESPONSIBILITY

Employment

Policies and regulations principally adopted by the Group in respect of compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare are as follows:

1. Remuneration packages are competitive, and individuals are rewarded according to performance plus an annually assessed framework of salary, working conditions, bonuses and incentive systems;
2. Employees are recruited, promoted and dismissed by the Group pursuant to Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》);
3. Working hours of our employees strictly comply with the requirements in the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》);
4. The Group provides paid annual leaves for employees in strict compliance with the Regulation on Paid Annual Leave of the Employees (Decree No. 514) (《職工帶薪年休假條例》) issued by the State Council of the PRC;
5. The Group adopts equal opportunity for candidates with the same or similar education level regardless of age and gender in the process of staff recruitment whenever they fit the job objective. The policy on equal opportunities also applies to company benefit, career path promotion, training, performance appraisal and development, and operates employment policies which are for the purpose to attract, retain and motivate high quality staff, regardless of gender, age, race, religion or disability; and
6. Regarding the diversity of employees and other benefits and welfares, varieties of benefits and welfares are provided to all the staff by the Group pursuant to the requirements as stipulated by local governments of places where our enterprises are located, including endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund.

Environmental, Social and Governance Report (Continued)

As at 31 December 2021, the Group had 1,401 employees, of which all employees are full-time employees. The data of the Group's number of employees and turnover by type in the reporting period are listed as below:

Employee Number	Total	1,401
	By Gender	
	Male	280
	Female	1,121
	By Age Group	
	Below 30	252
	30 to 50	1,023
	Above 50	126
	By Geographical Regions	
	Mainland China	1,395
	Regions of Hong Kong Special Administrative Region, Macau and Taiwan	6
Employees Turnover Rate	Overall number (Turnover Rate)	24%
	By Gender	
	Male (Turnover rate)	23%
	Female (Turnover rate)	24%
	By age group	
	Below 30 (Turnover rate)	30%
	30 to 50 (Turnover rate)	23%
	Above 50 (Turnover rate)	20%
	By Geographical Regions	
	Mainland China (Turnover rate)	24%
	Regions of Hong Kong Special Administrative Region, Macau and Taiwan (Turnover Rate)	40%



Environmental, Social and Governance Report (Continued)

Employee benefits and welfare

Our Company has established human resources management policies to ensure compliance with relevant laws and regulations, and our employee handbook includes detailed rules and guidelines that lay out our expectations for employee conduct as well as the rights and responsibilities of staff in the workplace.

We target to foster a positive work culture and create an environment that enhances the well-being of staff. We attach importance on the staff's opinions and encourages staff from all departments and ranks to express their views on improving internal communication and work efficiency through various communication platforms.

The staff benefits include endowment insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund. Our employees are also entitled to annual leave, maternity leave, paternity leave and marriage leave. As a healthcare service provider, we recognize the importance of ensuring staff wellbeing and have clear policies to outline overtime working arrangements. We strive to find creative ways in promoting healthy career development and enhancing a unified spirit across the Company.

Health and Safety

The Group is committed to providing a healthy and safe workplace for all its employees and complying with all applicable health and safety laws and regulations.

As employees are the most important asset and resource of the Company, it is of most importance to provide a healthy and safe working environment for the employees in a reasonable and practicable situation. In order to achieve this, the Group has implemented the following measures:

1. Establishing various procedures and systems in relation to hospital infection prevention, infectious disease control and medical waste disposal;
2. Engaging a chief infectious disease controller to oversee the infectious disease control generally and an infectious disease controller in each medical-related operational department to manage the infectious disease control;



Environmental, Social and Governance Report (Continued)

3. Establishing and maintaining a high standard of healthy and safe working environment;
4. Ensuring that all devices, machines and working system are safe;
5. Ensuring the use, processing, storage and transportation of all items and materials are safe;
6. Providing employees with safety equipment and protective clothing when necessary, and keeping those equipment in good working condition;
7. Providing easy and safe accesses in workplaces;
8. Maintaining a high standard of hygiene condition in the workplaces;
9. Carrying out regular and good maintenance and repairing of all devices and machines used in the workplace;
10. Ensuring proper storage of all goods and materials to eliminate hazards to others;
11. Providing employees with regular mandatory training on health and safety related policies, standards, protocols and procedures;
12. Providing sufficient supervision when necessary to ensure the health and safety of all employees at work; and
13. Supervising the implementation of safety measures.

Environmental, Social and Governance Report (Continued)

During the year ended 31 December 2021, the date of the Group's work-related injuries and fatalities of the past three reporting years are listed as below:

	2021	2020	2019
Number of work-related fatalities	–	–	–
Rate of work-related fatalities	–	–	–
Number of work injuries	2	2	1
Lost days due to work injury	–	129	16

Development and Training

The Group places great emphasis on its staff training and has established comprehensive training systems. Its training departments at the Group and the medical institution level and the medical and nursing management department at the medical institution level are jointly responsible for the overall training systems of the Group. The training departments at the Group level are responsible for the administration and updating of the management rules and policies of the Group's medical institutions and the arrangement of non-professional trainings for all the staff, while the medical and nursing management department at the medical institution level is responsible for arranging professional trainings at each medical institution. The Group has developed four training modules, namely, professional training, management training, common training and cross training. Each module is designed for staff of specific category. The Group's relevant training departments periodically update the training materials.

The Group's professional training programs cover different specialties, such as pediatrics and obstetrics and gynecology, as well as different functions, such as medical, nursing and medical equipment. Management courses on subjects such as leadership, roles and responsibilities of middle management and thinking process are provided to the Group's management staff at manager level or above once a year. Common training includes induction training, professionalism training, working skills training and English training. Cross training is normally provided to staff for them to get familiar with different posts of different departments so that they are able to collaborate better at work.

Environmental, Social and Governance Report (Continued)

During the year ended 31 December 2021, the employee training data of the Group are listed as below:

			2021
Number of Trained Employee and percentage	Overall	1,401	100%
	By Gender		
	Male	280	20%
	Female	1,121	80%
	By Level		
	Top management	25	2%
	General staff	1,376	98%
Average Training Hours (hour/employee)	Overall		35
	By Gender		
	Male		39
	Female		34
	By Level		
	Top management		52
	General staff		35

Labor Standards

As for preventing child labor or forced labor, the Group strictly complied with Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Employment Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》) and other relevant laws and regulations.

Across all companies under the Group, internal administrative institutions were set up to manage their employees in a professional manner when such employees were recruited and employed, so as to eliminate situations such as child labors and forced labors in the Group. During the recruitment process, the Group would verify the actual age of the applicants by checking their identity documentations and other records to avoid hiring any child labour. If any violation is discovered, it will handle it in a serious manner, depending on the actual situation, it will be handled in accordance with national and local laws and regulations, and the Group's internal codes. Employees are hired in accordance with specific job requirements and talent matching process to build a sustainable workforce.

Environmental, Social and Governance Report (Continued)

OPERATING PRACTICES

Supply Chain Management

The supplies required in the Group's operations primarily include pharmaceuticals and medical consumables provided by third party institutions. Our procurement and supplier management processes aim to continuously improve our relationship with the suppliers and supplier performance to facilitate our long-term business development. We select our suppliers based on stringent criteria and applicable laws and regulations to ensure the quality of our supplies. The Group generally requires its suppliers to maintain requisite licenses and permits to operate their business, such as business licenses and GMP and/or GSP Certificates. The executive management committee at the Group level, with the support from the Group's pharmaceutical affair management committee (藥事管理委員會), is in charge of regularly reviewing and approving qualified suppliers for all our medical institutions to manage any environmental and social risks that might be caused by product default of the suppliers. We conduct regular reviews of our suppliers and will remove any suppliers who do not meet our supply standards or requirements from our list of approved suppliers. The above practices are implemented by the Procurement Department by checking all the necessary permits and licenses when engaging the suppliers and was monitored through regular review by the Internal Control and Internal Audit Department.

As at December 31, 2021, the number of key suppliers in the reporting period are listed as below:

Number of Key Suppliers by Geographical Region

North China	13
West China	3

Note:

Key Suppliers = suppliers of pharmaceuticals and consumables for the Company, whose total trade volume with the Company is one million (RMB) or more during the reporting period.

We have adopted the following measures to ensure the procurement is conducted efficiently and cost-effectively:

- Products shall be procured on a need basis and in an economically rational manner;
- We shall have more than one supplier for each kind of our supply need to ensure we maintain sufficient inventory levels and bargaining power to deal with price fluctuations;
- We shall obtain best value for money, taking into account quality, quantity, timing and source; and



Environmental, Social and Governance Report (Continued)

- Suppliers shall be eligible to participate in procurement transactions in an open, fair and transparent process which shall be conducted with integrity, minimising the risks of fraud, corruption, waste or other irregularities.

The Company targets to maintain strict control to minimize negative impacts of our supply activity on the environment, and we work with suppliers who share the same values and commitment to operating responsibly.

Product Responsibility and Security

The Group strictly implemented laws and regulations on (i) the administration and classification of, (ii) the supervision over pharmaceuticals and medical equipment in, and (iii) medical personnel of, healthcare institutions. In 2021, the Group did not experience any material medical disputes that caused a material adverse effect on its business, results of operations or financial condition.

From time to time, the Group published medical advertisements on websites to promote our business and increase our brand awareness. Medical advertisements shall be reviewed by relevant healthcare authorities and a “medical advertisement review certificate” is required before they may be released by a medical institution. In 2021, the Group obtained medical advertisement review certificates for all the medical advertisements published.

The Group collected and maintained medical data from the diagnosis and treatment of our patients. The Group has taken measures to maintain the confidentiality of its customers’ medical information, including adopting security level control and authorization over confidential medical information and designating dedicated personnel to be in charge of the safe keeping of the customer information and maintenance of relevant systems for data processing and storage.



Environmental, Social and Governance Report (Continued)

Product Return and Recall Policy, Customer Complaint Handling

We are highly conscious of our responsibility to deliver high quality services for the well-being of our customers. We evaluate our healthcare services regularly, including periodical inspection and assessment of the implementation of our group-wide best practices, and we identify areas to be improved and propose improvement measures. Monthly services quality reports are circulated to the relevant special committees which will discuss any identified issues and deficiencies and propose improvement measures. We conduct annual review and assessment on the performance of our staff using various key performance indicators, including services quality and customers' satisfaction, which we believe in return helps improve the quality of the services provided by our staff.

Regarding our prescription control and monitoring system, we have a pharmaceutical affair management committee to centrally formulate and maintain a prescription book for all approved basic medicines, and physicians at all our medical institutions must generally prescribe medicines set out in such prescription book unless such types of medicines are not yet entered into the prescription book. The prescription book is periodically reviewed and updated to include newly approved medicines and remove medicines that are no longer used by us. By doing so, we are able to ensure the overall quality of pharmaceuticals used for our patients and at the same time maintain flexibility to timely procure new medicines necessary for our patients. We strictly require all prescriptions and medical records to be recorded into our healthcare information system. Our pharmaceutical affair management committee also conducts spot checks and reviews the dispensing of prescription drugs and antibacterial drugs in order to prevent drug abuse.

Percentage of total products sold or shipped subject to recalls for safety and health reasons and recall procedures are not applicable to our business. However, pharmaceutical products suspected of being potentially harmful to users may be subject to recall by the Department of Health in PRC or the manufacturers before distributing to our medical institutions for our patients. Under such circumstances, staff may refer to our internal policy for product reporting and recall procedures.

Our medical institutions encourage customers to express their opinions on our healthcare services through customer feedback systems, including inpatient exit surveys, regular customer satisfaction surveys, regular ward visits by doctors to discuss customer experience and customer comment mail boxes. We keep a record of all customers' complaints and take follow-up actions to address their concerns when necessary.

As at December 31, 2021, 5 products and services related complaints that were not trivial were recorded, and all cases have been resolved accordingly.

Environmental, Social and Governance Report (Continued)

Intellectual Property Protection and Data Protection and Privacy

The Group strictly abides by national and local laws and regulations, including but not limited to the Patent Law of the PRC (《中華人民共和國專利法》), Copyright Law of the PRC (《中華人民共和國著作權法》), Trademark Law of the PRC (《中華人民共和國商標法》) and other laws and regulations. In order to protect the information of customers and the Group (including information related to intellectual property rights), we have formulated guidelines for work practice to ensure that office equipment such as laptops are properly kept. All the documents and electronic materials of the Group, including teaching materials for training, are not allowed to be circulated outside the Group without authorization. All business information, financial information, personnel information, contract documents, customer information, research and statistical information, technical documents, marketing plans, management documents, meeting topics, that have not been publicly disclosed are all considered corporate secrets. Our employees are responsible for their confidentiality. All rights and interests obtained by employees in performing their duties, such as commercial and technical information, inventions and research results, belong to the Group, and no one is allowed to copy, imitate, transfer, extract, or distribute without written authorization. The Group is committed to protecting customers' data and privacy. Unless the customer's consent is obtained, the collected customer information will not be used for promotional purposes.

During the year ended December 31, 2021, to the best of our Director's knowledge, there was no material non-compliance or violation in intellectual property, product quality and safety, advertising, labelling, and privacy.

Anti-corruption

The Group is committed to adhering to the highest ethical standards. The laws and regulations related to anti-corruption include article 163 of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and article 8 of the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》).



Environmental, Social and Governance Report (Continued)

The following policies and procedures are implemented by the Group to address potential corruption incidents:

1. Formulating anti-corruption policies;
2. Providing anti-corruption training and giving periodic updates on recent anti-corruption issues to the Group's employees;
3. Adopting a zero-tolerance policy towards acceptance of any bribes by the Group's physicians and medical staff; and
4. Establishing a whistle blower program and stringent investigation protocols to receive and investigate anonymous or named reports of corruption charges. If inappropriate behaviour is observed, employees can file a written report directly to the Internal Control and Internal Audit Department.

In 2021, the Company did not receive any report on crimes such as bribery, extortion, fraud and money laundering in the Group. There were no legal cases regarding corruption, job-related crimes, bribery, extortion, fraud and money laundering brought up by the Company or its employees.

Community Investment

The Company recognizes the importance of contributing within the local community and encourages employees to develop close relationship with charities and other institutions, both locally and nationally, in order to build more economically sustainable environment. As a healthcare service provider, we focus on improving community health. Extensive efforts are exerted to ensure compliance with the laws and regulations of the jurisdictions in which the Company operates.

During the year ended December 31, 2021, the Company carried out a variety of social healthcare public welfare activities and community activities, details of which are as follows:

1. *Healthcare Charity Travel to Bing-Cha-Cha*

During April to May 2021, the Group, together with its partners, carried out a public welfare activity under the theme of "Healthcare Charity Travel to Bing-Cha-Cha". We provided first aid kits to the Tibetans of the small villages in Tibet.

Environmental, Social and Governance Report (Continued)

2. *Volunteer Medical Consultation Services at the Hospitals*

The hospitals and clinics under the Group continued to organise volunteer medical consultation activities at their respective hospitals, offering screening tests of different specialties and promotion of popular scientific knowledge to surrounding communities, schools as well as enterprises and institutions, receiving a total of thousands of public visitors.

3. *Promotion of Healthcare Popular Scientific Knowledge*

The hospitals and clinics under the Group organised a wide variety of healthcare knowledge promotion activities in 2021, including organising lectures on popular scientific knowledge related to women's and children's health at schools, enterprises and communities. A total of over 100 lectures were organised by such institutions, attracting thousands of offline audience and over ten thousand audience through online lectures.

4. *Provision of Covid-19 Vaccination Service*

Certain medical institutions under the Group were entrusted by local Health Commissions and Centers for Disease Control and Prevention to provide Covid-19 vaccination services for foreigners of the places where they operate, offering vaccination services for a total of nearly ten thousand people.

5. *Provision of Free Online Consultation Services*

Some medical institutions offered consultation coupons to the general public in need for free via livestreaming broadcast, offering volunteer healthcare consultation services to more groups in need.

6. *Children's Physical and Mental Wellbeing Welfare Activity*

Chengdu New Century Women's and Children's Hospital organised Children's Fitness Challenges and provided comprehensive children health assessment for over 1,500 families.

Environmental, Social and Governance Report (Continued)

HKEX CONTENT INDEX

Part B: Mandatory Disclosure Requirements

Governance Structure	Relevant Chapter or Explanation
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A statement from the board containing the following elements:	Board Statement
(i) a disclosure of the board's oversight of ESG issues;	
(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	
(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	

Reporting Principles

A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	Reporting Basis
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Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.

Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.

Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.

Reporting Boundary

A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Period, Scope and Boundaries
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Environmental, Social and Governance Report (Continued)

Part C: “Comply or explain” Provisions

A. Environmental

Aspect A1: Emissions

A1	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note:</i> Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	<p>Environmental Protection</p> <p>Environmental Policy</p>
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Types of Emissions and Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste and Non-Hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	

Environmental, Social and Governance Report (Continued)

Aspect A2: Use of Resources

A2	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	<p>Use of Resources</p> <p>Energy Use and Water Efficiency Initiatives</p>
KPI A2.1	<p>Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p>	<p>Use of Resources</p> <p>Energy</p>
KPI A2.2	<p>Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	<p>Use of Resources</p> <p>Water</p>
KPI A2.3	<p>Description of energy use efficiency target(s) set and steps taken to achieve them.</p>	<p>Use of Resources</p>
KPI A2.4	<p>Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.</p>	<p>Energy Use and Water Efficiency Initiatives</p>
KPI A2.5	<p>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Use of Resources</p> <p>Total Packaging Material Used for Finished Products</p>

Aspect A3: The Environment and Natural Resources

A3	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	<p>The Group did not cause any significant impact on the environment and natural resources.</p>
KPI A3.1	<p>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	

Environmental, Social and Governance Report (Continued)

Aspect A4: Climate Change

A4	<p>General Disclosure</p> <p>Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p>	<p>Climate change is not considered to be relatively material to the Company's operation</p>
KPI A4.1	<p>Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p>	

B. Social Employment and Labour Practices Aspect B1: Employment

B1	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>Social Responsibility</p> <p>Employment</p> <p>Employee benefits and welfare</p>
KPI B1.1	<p>Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</p>	
KPI B1.2	<p>Employee turnover rate by gender, age group and geographical region.</p>	

Environmental, Social and Governance Report (Continued)

Aspect B2: Health and Safety

B2	General Disclosure	Social Responsibility
	Information on:	Health and Safety
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
KPI B2.1	Number and rate of work-related fatalities.	
KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	

Aspect B3: Development and Training

B3	General Disclosure	Social Responsibility
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	<i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
KPI B3.2	The average training hours completed per employee by gender and employee category.	

Environmental, Social and Governance Report (Continued)

Aspect B4: Labour Standards

B4	General Disclosure	Social Responsibility
	Information on:	Labor Standards
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	

Operating Practices Aspect B5: Supply Chain Management

B5	General Disclosure	Operating Practices
	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

Environmental, Social and Governance Report (Continued)

Aspect B6: Product Responsibility

B6	General Disclosure	Operating Practices
	Information on:	Product Responsibility and Security
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Return and Recall Policy, Customer Complaint Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices Intellectual Property Protection and Data Protection and Privacy
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices Product Return and Recall Policy, Customer Complaint Handling
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices Intellectual Property Protection and Data Protection and Privacy

Environmental, Social and Governance Report (Continued)

Aspect B7: Anti-corruption

B7	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	<p>Operating Practices</p> <p>Anti-corruption</p>
KPI B7.1	<p>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p>	
KPI B7.2	<p>Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.</p>	
KPI B7.3	<p>Description of anti-corruption training provided to directors and staff.</p>	

Aspect B8: Community Investment

B8	<p>General Disclosure</p> <p>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.</p>	<p>Operating Practices</p> <p>Community Investment</p>
KPI B8.1	<p>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	
KPI B8.2	<p>Resources contributed (e.g. money or time) to the focus area.</p>	