

美皓醫療集團有限公司

MEIHAO MEDICAL GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1947



**Environmental, Social and
Governance Report 2022**

About the ESG Report

Meihao Medical Group Co., Ltd (the “Company”, together with its subsidiaries, collectively as the “Group” or “we”) is delighted to present its environmental, social and governance report (the “ESG Report”) for the financial year ended 31 December 2022. This ESG Report herein focuses on providing an overview of the environmental and social aspects of our Group, and outlines how we seek to continually improve our operational strategy in regard to our environment and society in order to cope with the global standards of sustainability.

The Group believes that prudent management of environmental and social issues is one of the key factors in long-term success in this rapidly changing world. To better understand the risks and opportunities for environmental protection, the Group closely follows the requirements and expectations of regulatory authorities through efficient operation management, well-established policies and procedures as well as a higher standard of energy-efficient measures and waste treatment. The Group believes that its expertise, capabilities and ownership patterns can be part of the solution to some of the challenges the Group is facing.

In order to carry out the Group’s sustainability strategy from top to bottom, the Board of Directors (the “Board”) of the Company has ultimate responsibility for ensuring the effectiveness of the Group’s environmental, social and governance policies. The Board has established certain dedicated teams to manage the environmental, social and governance issues within each business division of the Group. The designated staff has been assigned to enforce and supervise the implementation of the relevant policies.

The Group is committed to the implementation of sustainable development and social corporate responsibility. While the Group is actively developing and expanding its business, the Group also takes environmental, social and moral needs into serious consideration so as to strike a balance and unity between the profitability, environmental and social impacts. The Group also pays great attention to stakeholders including but not limited to customers, investors, environment, suppliers, employees and government to establish a good relationship through better understanding and responding to their expectations. As a result, the Group will continue to maintain close contact with the stakeholders to meet the expectations and needs of the stakeholders with an aim to continuously improve its environmental, social and governance strategies to create an efficient and diversified business.

During the process of the preparation of this ESG Report, the Group has conducted a thorough review and evaluation of the existing Group’s policies and practices with the aim of achieving better performance results in the future. Unless otherwise stated, this ESG Report covers the data and information from the dental business located in the People’s Republic of China (the “PRC”).

Report Scope and Boundary

This ESG Report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in accordance to the material ESG issues identified from the Stakeholders’ Questionnaire. Information disclosed and presented in this ESG Report follows the four Reporting Principles required by the ESG Reporting Guide, i.e., materiality, quantitative, balance and consistency. In preparing the ESG Report, the Group has adopted the international standards and emission factors specified in the guidance materials on ESG issued by the Stock Exchange for computing the relevant key performance indicators (“KPIs”). For details on the application of the materiality reporting principle, please refer to the section headed “Materiality Assessment” in this ESG Report. The ESG Report provides an unbiased picture of the Group’s performance within the Reporting Period, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the reader. The Group will maintain the consistency of the methodologies and key performance indicators of the Reporting Period and that of the future reporting period, to allow for meaningful comparisons over time.

In order to comply with the disclosure obligations of “comply or explain” provisions, this ESG Report has outlined the overall Group’s performance in environmental protection, human resources, operating practice and community involvement for the financial year, from 1 January 2022 to 31 December 2022 (“Reporting Period”).

This ESG Report was approved by the board of directors (the “Board”) on 29 March 2023. For details on the Group’s corporate governance, please refer to “Corporate Governance Report” on pages 19 to 32 of the Group’s Annual Report.

Information and Feedback

For details in relation to our financial performance and corporate governance, please visit our website on www.meihaomedical.com and/or see our Annual Report for the year ended 31 December 2022. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to our office at meihaomedical@163.com.

ESG Management

The Group looks at issues that may have a reputational impact on, or that may pose a risk to, the Group in the short-, medium- or long-term. Issues that are important to the stakeholders, including but not limited to, customers and employees, as well as non-governmental organizations, are also crucial to the Group. All potential issues are covered and evaluated in the annual risk assessment. The Group is positive in developing opportunities with a focus on work ethics to ensure that success in business development is sustainable with the benefits to be passed on to the employees, the customers and the environment.

Integration of sustainability into the business strategies as well as daily operations of the Company is a must to pursue the business model. To deal with ESG issues effectively, understanding, and interacting with, the employees, customers and other stakeholders are of the highest priority. The Group believes that effective management of ESG issues is important to long-term success in the rapidly changing world. With a thorough understanding of the ESG risks and opportunities, the Group will be better positioned in allocating resources to reduce and recycle different kinds of waste, and responding to the increasing demand for higher standards of waste treatment by the regulators.

The Group is confident that as part of the business decision-making process, by involving all relevant stakeholders in the ESG management process, the ESG issues will be monitored closely, and the long-term success of the Group will be assured.

The sustainability strategy of the Group in the following aspects applies to all the work streams:

- to promote environmental sustainability;
- to attract, retain and support employees;
- to engage with stakeholders;
- to promote sustainability of local communities;
- to strengthen community relations; and
- to grow suppliers’ commitment.

ESG Governance Structure

To facilitate effective management of ESG issues, the Group has established a governance structure. The Board has overall responsibility for overseeing the Group's ESG-related risks and opportunities, establishing and adopting the ESG-related strategies and targets of the Group including setting KPIs for environmental-related issues and setting higher standards of energy efficient measures and waste treatment, reviewing the Group's performance annually against the ESG-related targets, and revising the ESG-related strategies as appropriate if significant variance from the ESG-related target is identified. Our Board has established an ESG Committee that comprises heads of relevant functional departments, including business units, financial management, human resources, audit control, corporate affairs, etc. The ESG Committee serves a supportive role to our Board in implementing the agreed ESG policy, targets and strategies, conducting materiality assessments of environmental-related, and social-related risks and assessing how the Group adapts its business in light of changes, collecting ESG data from the relevant interested parties while preparing for the ESG Report, and continuous monitoring of the implementation of measures to address our Group's ESG-related risks and responsibilities. The ESG Committee is also responsible for the investigation of deviations from targets and liaises with the functional department to take prompt rectification actions. The ESG Committee has to report to our Board on a half-year basis via board meetings on the ESG performance of our Group, the effectiveness of these ESG systems and any applicable recommendations.

Based on the set goals and targets, the Board will continue to review the Group's progress in relation to ESG issues in order to build a more sustainable business and bring greater benefits to society as a whole.

Governance structure

Board	<ul style="list-style-type: none"> The Board is responsible for the overall decision-making, oversees the formulation, administration, and assessment of the ESG system.
ESG Committee	<ul style="list-style-type: none"> The ESG Committee is responsible for assisting the Board in managing and monitoring the ESG matters on a daily basis.
Functional Department	<ul style="list-style-type: none"> Functional department is responsible for the execution of implemented measures to achieve the set strategies and targets.

Our Stakeholders

The Group strongly believes that its stakeholders play a crucial role in sustaining the success of its business. The Group is actively searching for every opportunity to understand and engage its stakeholders to ensure that improvement can be implemented to its products and services.

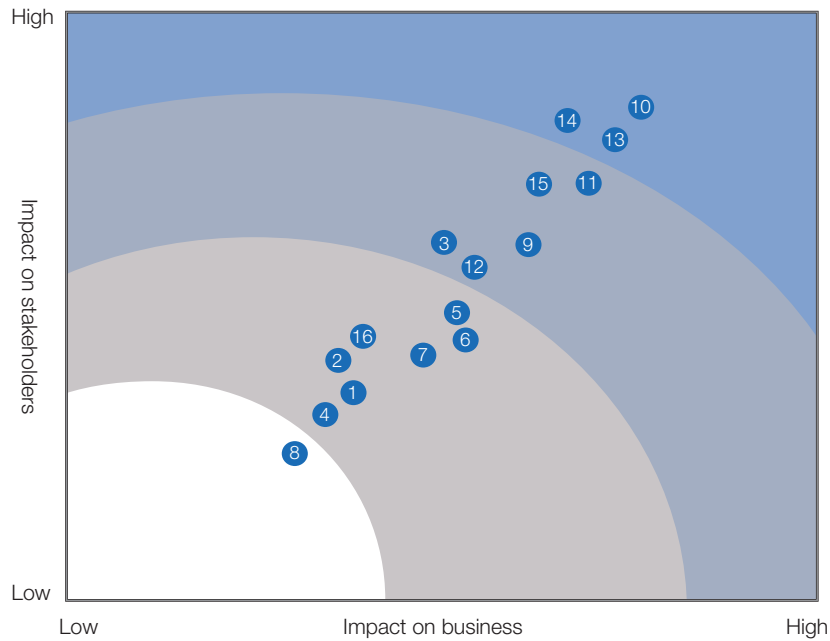
Stakeholders	Probable Points of Concern	Communication and Responses
Stock Exchange	Compliance with listing rules, and timely and accurate announcements.	Meetings, training, workshops, programs, website updates, and announcements.
Government	Compliance with laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Investors	Corporate governance, business strategies and performance, and investment returns.	Organizing briefing sessions and seminars, interviews, shareholders' meetings, issue of financial reports or operation reports for investors, media and analysis.
Media & Public	Corporate governance, environmental protection, and human rights.	Issue of newsletters on the Company's website.
Customers	Service quality, service delivery schedule, reasonable prices, service value, and personal data protection.	After-sales services.
Employees	Rights and benefits of employees, compensation, training and development, work hours, and working environment.	Conducting training, interviews with employees, internal memos, and employee suggestion boxes.
Community	Community environment, employment opportunities, community development, and social welfare.	Developing community activities, employee voluntary activities, and community welfare subsidies and donations.

Materiality Assessment

The Group has identified ESG issue that have potential or actual impact on its sustainable development from various sources, such as issues identified in internal policies, industry trends and the Sustainability Accounting Standards Board's Materiality Mapⁱ. The ESG issues have been analyzed with reference to an array of factors, including the Group's overall strategy, development, and goals and targets. The Group has conducted a materiality assessment to rate the identified ESG issues that are pertinent to its business and stakeholders, and their respective levels of impact.

ⁱ Sustainability Accounting Standards Board's Materiality Map, <https://materiality.sasb.org/>

The Group has conducted a materiality assessment to rate the identified ESG issues that are pertinent to its business and stakeholders, and their respective levels of impact. The assessment results are shown below:



ESG Issues

- | | |
|----------------------------|---------------------------------------|
| 1 Emissions | 9 Employment |
| 2 Greenhouse Gas Emissions | 10 Health and Safety |
| 3 Hazardous Waste | 11 Development and Training |
| 4 Non-Hazardous Waste | 12 Labor Standards |
| 5 Energy Consumption | 13 Supply Chain Management |
| 6 Water Consumption | 14 Product and Service Responsibility |
| 7 Natural Resources | 15 Anti-corruption |
| 8 Climate Change | 16 Community Investment |

Environmental

Overview

A sustainable environment is a foundation for long-term economic and social prosperity. The Group believes that sustainability represents not just an ethical obligation, but also a gateway to business success. Therefore, the Group prioritizes environmental protection, strives to mitigate any undesirable impact on the environment and continues to contribute to sustainable development.

The Group has formulated an ESG policy that sets forth its corporate social responsibility objectives and provides guidance on practising corporate social responsibility in its daily operations. The ESG policy also sets out the respective responsibility and authority of different parties in facilitating an effective management of the ESG matters.

During the Reporting Period, the Group has fully complied with all applicable requirements as set up by the laws and regulations regarding air and greenhouse gas emissions including but not limited to the “Law of the People’s Republic of China on Environmental Protection (中華人民共和國環境保護法)”, “ Law of the People’s Republic of China on the Pollution Prevention and Control on Water Pollution (中華人民共和國水污染防治法)”, “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法)” and “Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution (中華人民共和國固體廢物污染環境防治法)”. During the Reporting Period, there were no non-compliance incidents or grievances noted by the Group in relation to environmental issues.

Emissions

During the Group’s daily operations, the Group owned a fleet of 4 vehicles for its business operations, as well as transporting our management team members, guests and clients. Vehicle usage is the major activity of the Group that generate air pollutant, which includes nitrogen oxides (“NOx”), sulphur oxides (“SOx”) and Particulate Matter (“PM”). During the Reporting Period, the air emissions data is as follows:

	Year ended 31 December 2022
NOx emission (in g)	31,915.76
SOx emission (in g)	53.04
PM emission (in g)	3,058.14

During the Reporting Period, the Group generated 31,915.76 g of NOx, 53.04 g of SOx and 3,058.14 g of PM. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the air emissions between 90% to 120% of the level of the baseline year ended 31 December 2022 in the next three reporting periods ending 31 December 2025. For fleet management, regular maintenance checks are performed for all the vehicles to enhance fuel consumption efficiency, ensure road safety and keep emissions at their minimum.

Greenhouse Gas Emissions

Greenhouse gases generated from human activities is one of the significant drivers of global warming which affect the lives of the present and future generation. Therefore, the Group is highly concerned about the importance of monitoring and mitigating the greenhouse gas emission in its operations. As mentioned, vehicle fuel combustion is the major activity that generates direct emissions from operations. In addition, indirect greenhouse gases emission mainly results from the purchase of electricity and paper consumption within the Group. The greenhouse gases emissions generated by the Group are shown as follows:

	Year ended 31 December 2022
Greenhouse Gas (“GHG”) Emissions (tonnes CO₂ -e)	
Scope 1 — Direct Emissions from Mobile Combustion Sources	9.59
Scope 2 — Energy Indirect Emissions (Electricity consumption)	757.37
Scope 3 — Other Indirect Emissions (Paper consumption)	4.91
Total Amount of GHG Produced during the Reporting Period (tonnes CO₂ -e):	771.87
The intensity of GHG Produced during the Reporting Period (tonnes CO₂ -e/employee):	2.54

During the Reporting Period, the GHG emissions intensity of the Group is 2.54 tonnes CO₂ -e per employee. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the total GHG emissions intensity between 90% to 120% of the level of the baseline year ended 31 December 2022 in the next three reporting periods ending 31 December 2025.

Our Group has implemented an array of measures in mitigating GHG emissions, including but not limited to the following:

- Provide training and educate our employees on the concept of energy efficiency;
- Promote a paperless environment, encourage the usage of electronic copies instead of hard copies, the use of double-sided printing, and the use of single-sided-printed paper when there is no confidential information on it;
- Require employees to turn off all electrical appliances when they are not in use; and
- Maintain indoor temperature at 24 degrees Celsius or above to reduce unnecessary use of energy.

Waste Management

During the Reporting Period, the Group has fully complied with all applicable requirements as set up by the laws and regulations regarding the generation of hazardous waste and non-hazardous waste including but not limited to the “Law of the People’s Republic of China on Environmental Protection (中華人民共和國環境保護法)” and the “Law of China on Prevention and Control of Environmental Pollution by Solid Waste (中國固體廢物污染環境防治法)”. No confirmed material non-compliance incidents or grievances in relation to waste management were noted by the Group.

For hazardous waste, especially for disposing medical waste and the storage of pharmaceutical drugs, we, as the dental service provider, would generate medical waste during our operation. For non-hazardous wastes, it is mainly generated from paper consumed for administrative purpose during our business activities. The following shows the statistics of hazardous and non-hazardous waste generated and recorded during the Reporting Period:

	Year ended 31 December 2022
Total Hazardous Waste Generated (<i>in tonnes</i>)	19.43
Total Non-Hazardous Waste Generated (<i>in tonnes</i>)	1.02
Intensity of Hazardous Waste Generated (tonnes/employee)	0.064
Intensity of Non-Hazardous Waste Generated (tonnes/employee)	0.003

The Group have established a policy for handling hazardous and non-hazardous wastes. For all medical waste including hazardous waste and non-hazardous waste, we make wise use of qualified packing bags to pack and collect various medical wastes by category, and store them in a recycled case at the designated temporary storage point of medical waste. Medical wastes will be then properly collected, stored and disposed of by professional environmental service suppliers recognised. Training will be provided to our employees on proper medical waste handling and disposal. Besides medical waste, another major non-hazardous waste produced by our business activities is paper consumed for administrative purposes. We encourage our employees to reduce paper consumption whenever possible, and work towards a paperless environment. Our wastes also involve the generation of retainers, functional appliances and temporary dental crowns. As the production scale of the aforesaid materials is small, the impact is relatively immaterial.

Nevertheless, our employees will minimise any unnecessary waste of such materials. Our designated staff will conduct an on-site inspection and perform spot checks on a regular basis to ensure that hazardous wastes are properly handled and disposed of in accordance with the relevant laws and regulations. In case of any non-compliance is found, such incidents will be reported to the senior management team in a timely manner with the details of the incident and the proposed rectification action. Disciplinary actions may be taken against the responsible employee. The disposal records of the non-hazardous wastes will also be monitored regularly, with follow-ups on those deviating from the normal standards, if any.

During the Reporting Period, the intensity of the hazardous waste and non-hazardous waste generated by the Group is 0.064 tonnes per employee and 0.003 tonnes per employee respectively. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the intensity of the hazardous waste and non-hazardous waste generated between 90% to 120% of the level of the baseline year ended 31 December 2022 in the next three reporting periods ending 31 December 2025.

Packaging

As the Group’s core business activities do not involve the use of packaging materials, and thus, no relevant data and measures in this respect are available.

Energy Efficiency

The Group treasures the use of energy. As mentioned, the Group has implemented an array of measures in reducing energy consumption. For details of the energy consumption reduction measures, please refer to the section headed “Greenhouse Gas Emissions” in this ESG Report.

During the Reporting Period, the energy consumption of the Group is shown as follows:

	Year ended 31 December 2022
Petrol (<i>in kWh</i>)	34,970
Electricity Consumption (<i>in kWh</i>)	1,328,020
Total Electricity Consumption (kWh)	1,362,990
Electricity Consumption Intensity (kWh/employee)	4,484

During the Reporting Period, the energy consumption intensity of the Group is 4,484 kWh per employee. To uphold the principles of sustainable development, the Group is committed to reducing or maintaining the energy consumption intensity between 90% to 120% of the level of the baseline year ended 31 December 2022 in the next three reporting periods ending 31 December 2025.

Water Management

The Group has complied with the “Prevention and Control of Water Pollution Law (水污染防治法)” with an aim to prevent and control water pollution, protect and improve the environment and make sure the safety of drinking water. During the Reporting Period, we have no issue in sourcing water that is fit for purpose and no significant discharge of wastewater. Hence, there is no significant impact to the environment.

The Group treasures the preciousness of water resources. Through the implementation of a variety of measures, the Group are committed to achieving water conservation and adopted various measures to lessen the use of water under the principal of saving and recycling:

- Any water wastage phenomenon is prohibited;
- Installation of water-efficient fittings;
- Regular checking on water taps and pipes to avoid unnecessary leakage;
- Meter reading is checked constantly for revealing any hidden leakage phenomena;
- Water-saving education and ideas of water-saving and water scarcity are continuously promoted among our employees.

The Group believes that carrying out the measures stated above, will be effective in raising the awareness of employees’ water conservation initiatives and reduce water consumption in the long run.

During the Reporting Period, the water consumption of the Group is shown as follows:

	Year ended 31 December 2022
Water Consumption (<i>in m³</i>)	11,141.00
Water Consumption Intensity (m³/employee)	36.65

During the Reporting Period, the water consumption intensity of the Group is 36.65 m³ per employee. To uphold the principles of sustainable development, the Group is committed to maintaining or reducing total water consumption intensity between 90% to 120% of the level of the baseline year ended 31 December 2022 in the next three reporting periods ending 31 December 2025.

Environmental Protection

As a dental service provider, there is no significant consumption of natural resources and therefore the Group’s activities do not have any significant impact on the environment. However, the Group is concerned about the natural resources consumed along the supply chain and it endeavours to select vendors that are environmentally and socially conscious. Details of vendor selection criteria are set out in the section headed “Supply Chain Management” below.

Climate Change

The Group has considered the potential climate-related risks and opportunities in respect of the recommendations of the Task Force on Climate-related Financial Disclosures, in which potential physical risks and transition risks from climate change may pose adverse financial impacts on the Group’s businesses. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from a change in environmental-related regulations or change in customer preferences.

The potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosures are summarized below:

Risk Type	Risks	Potential Financial Impact	Short (current Reporting Period)	Medium (one to three years)	Long (four to ten years)	Mitigation Strategy
Physical Risks	<ul style="list-style-type: none"> Extreme weather conditions such as flooding and typhoon 	<ul style="list-style-type: none"> Reduced revenue from business due to business and supply chain disruptions 	√	√		<ul style="list-style-type: none"> Establish adverse weather condition policy Maintain or expand the supplier base to avoid disruption
	<ul style="list-style-type: none"> Sustained elevated temperature 	<ul style="list-style-type: none"> Increased in business operating costs 			√	<ul style="list-style-type: none"> Adopt energy conservation measures to avoid overconsumption of natural resources
Transition Risks	<ul style="list-style-type: none"> Changes in environmental-related regulations 	<ul style="list-style-type: none"> Higher operating costs to adopt new practices or technologies 		√	√	<ul style="list-style-type: none"> Adopt energy conservation measures to reduce emissions Continue to monitor the regulatory environment to ensure that the Group complied with the environmental-related law and regulation
	<ul style="list-style-type: none"> Shift in consumer preference to products and services incorporating more environmentally-friendly concept 	<ul style="list-style-type: none"> Reduced demand for dental services and other products, decreased competitiveness and create adverse impact on revenues 			√	<ul style="list-style-type: none"> Adhere to the Group's sustainable development concept, strictly control the dental services and commit to produce high-quality services and related products to meet the expectations of consumers and the market

Social

Employment

The Group has strictly complied with a series of labor laws in the People's Republic of China including but not limited to "Labor Contract Law of the PRC (中華人民共和國勞動合同法)" and "Labor Law of the PRC (中華人民共和國勞動法)". To ensure that the Group's key policies are clearly and consistently communicated to the employees, the Group has established an "Employees' Handbook", which details the rights of the employees, such as working hours, leave entitlements and other benefits and welfare. "Employees' Handbook" is available to all employees upon request.

The Group believes that employees are the key asset and important component to business success, so the Group pay attention to the personal growth of every employee and has set up various channels of communication with employees to enhance employees' sense of belonging to the Group. The Group is also committed to promoting the diversity of its employees to enhance the effectiveness of its corporate governance. The Group strive to achieve diversity not only in terms of gender, but also age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience in the recruitment of its employees. Our Group supports diversity, equity, and inclusion in the workplace and believes that by providing all individuals with equal opportunities, we can make the most of their capabilities as part of our social responsibility.

Our Group have established a set of rules in our Employees' Handbook to ensure that no employee is mistreated, harassed, discriminated against, or deprived of any opportunities including but not limited to recruitment, promotion, training, and company welfare because of their nationality, religion, beliefs, disability, gender, age, birthplace, sexual orientation, values, workstyles and family status. These important values within the Group are well communicated to all of our employees. The Group strive to provide equal opportunities to disabled individuals by recruiting employees strictly based on their abilities through an impartial and transparent recruitment system. Our Group acknowledge the value of diversity and will ensure gender equality in our board composition by having at least one female board member. The Group are committed to improving human resources policies and workplace facilities so as to guarantee employees' health and safety at all time.

The Team

The Group believes that a diversified and cohesive team is indispensable to the success of the business. The Group strives to ensure that the recruitment process is fair and without any discrimination.

As at 31 December 2022, the Group had a total of 304 employees.

The breakdowns of the Group's workforce by gender, age group and region are as follows:

	As at 31 December 2022
Total workforce	304
Breakdowns by gender	
Male	73
Female	231
Breakdowns by age group	
30 or below	171
31—40	70
41—50	37
51 or above	26
Breakdowns by region	
The PRC	304
Hong Kong	—
Breakdowns by employment type	
Full time	304
Part time	—

During the Reporting Period, the employee turnover across the Group was 84%ⁱⁱ, the details are as follows:

KPI B1.2

Employee Turnover Rates

Overall Turnover Rate 84%

By Gender

Male 88%

Female 83%

By Age Group

30 or below 116%

31—40 50%

41—50 32%

51 or above 38%

By Region

The PRC 84%

Hong Kong —%

ⁱⁱ The overall turnover rate is disclosed in accordance with "Appendix 3: Reporting Guidance on Social KPIs" published by the Stock Exchange, which is the total employees leaving employment divided by the number of total employees as at 31 December 2022.

Health and Safety

During the Reporting Period, the Group has complied with the “Labor Law of the PRC”, the “Labor Contract Law of the PRC” and other relevant laws and regulations which stipulate requirements to maintain safe working conditions and to protect the occupational health of employees. The Group has been educating employees on occupational safety and sanitation, preventing accidents at work and reducing occupational hazards.

We strive to offer a healthy and safe work environment for our employees, we have incorporated the bulletins published by the Occupational Safety & Health Council as our internal policies with a view to ensuring strict compliance with such requirements, which primarily include the following measures:

- Staff should wear appropriate work shoes according to the nature of work and environment;
- All chemicals, disinfectants and bactericides should be properly labelled and stored in the designated area;
- Staff must wear protective clothing such as masks, goggles or gloves when they contact with patients' blood or body fluid;
- After removing clothing such as robes, uniforms or gloves, staff should wash their hands immediately with hand sanitisers; and
- Used syringes must be placed in the sharp box with care to prevent acupuncture accidents which may cause blood infection.

To ensure a safe working environment, all fire extinguishing systems must be checked regularly with the date of inspection, and relevant information should be marked on the extinguishers and fire extinguishing systems. Fire extinguishers should be placed in prominent areas without blockage by any obstructions. Staff is trained with fire safety knowledge such as evacuation routes and the use of fire extinguishers.

In the midst of the outbreak of the Coronavirus disease 2019 (“COVID-19”), the Group has implemented all practicable preventive and protective measures to minimize occupational risk, including but not limited to daily temperature checks, wearing of surgical mask, social distancing requirements and provision of sanitizers. The Group will continue to assess the development of the COVID-19 outbreak, and regularly reviews the relevant countermeasures in accordance with the local government regulations to ensure the effectiveness of the measures.

During the Reporting Period, there is no cases of work-related injuries and zero days lost due to work injuries. No work-related fatalities were recorded by the Group in the past three years including the Reporting Period. The Group continues to reflect on its existing safety policies and is committed to continuously adapt and improve its occupational safety measures as would be necessary.

Development and Training

The Group regards employees as its most valuable asset. Thus, the Group places emphasis on the personal development of the employees. The Group believes that investing in employees through training will help promote job satisfaction and staff loyalty. Different types of training were provided to the employees to enhance their knowledge and capabilities. Upon joining our Group, we provide induction training for nurses and other medical health staff to help them familiarize themselves with our service standards, policies and procedures. The Group conducted an array of training, including induction training to newly-joined employees in discharging their duties; regular safety training including fire safety; regular training in customer handling; technical training on the operation of medical devices; and training for its professional staff to keep abreast of the relevant and latest medical standards, procedures, and technology adopted in dental hospitals.

The Group will continue to invest more resources into its employees' training and development, so that its staff can be equipped with the necessary knowledge and skills to keep abreast of market trends and provide quality services, as well as achieve personal career development. By these means, all employees can grow together with the Group.

During the Reporting Period, the employees of the Group received 45,924 hours of training in total. The training details of the Group during the Reporting Period are as follows:

KPI B3.1

Development and Training Indicators

Total	100%
-------	------

By Gender

Male	24%
------	-----

Female	76%
--------	-----

By Employee Category

Entry level	89%
-------------	-----

Middle level	10%
--------------	-----

Management level	1%
------------------	----

KPI B3.2

Development and Training Indicators

Average hours of training that employees participated in	151
--	-----

Average hours of training per employee by gender

Male	147
------	-----

Female	152
--------	-----

Average hours of training per employee by employment category

Entry level	158
-------------	-----

Middle level	111
--------------	-----

Management level	6
------------------	---

Labor Standards

During the Reporting Period, the Group has strictly complied with a series of labor laws in the PRC including but not limited to the "Labor Contract Law of the PRC (中華人民共和國勞動合同法)" and "Labor Law of the PRC (中華人民共和國勞動法)".

With the aim to protect the children of their childhood, prevent inappropriate physical and manual work for children and protect the free labor rights and employees' rights and interests, the Group have strict requirements for the recruitment process. Upon receipt of the candidate's resume, the Human Resources Department will conduct a thorough background check to ensure whether the personal data stated on the application form is true. During the job interview, the Group carefully examine and verify the applicant's original identity card and make detailed inquiries to applicants to ensure that the Group does not employ child labor and forced labor.

The Group strictly prohibit the use of forced labor and child labor. If management discovers irregular employment of child labor or forced labor, the Group will immediately terminate the contract, ascertain the causes of such irregular employment and accountabilities of relevant recruitment staff to eliminate such practices. During the Reporting Period, the Group did not employ child labor or forced labor.

Supply Chain Management

The Group places emphasis on its supply chain management. In addition to improving cost competitiveness, the Group also values the sustainability of its supply chain. The Group supports the purchase of environmentally-friendly products to minimize the environmental impact caused by its business operations. Also, the Group would consider the awareness of occupational health and safety during the supplier selection. In the selection of suppliers, we perform rigorous assessments based on several criteria, including quality and source of products, reputation in the industry, price and delivery time. Our suppliers are required to possess relevant licenses and permits necessary to conduct their operations. Suppliers with more environmentally friendly practices and high-quality standards would be more favorable. The Group also closely cooperates with the suppliers to maintain the quality of products and services provided to the customers.

The Group closely monitors the performance of the existing suppliers and selects new vendors based on defined criteria, such as qualification, company scales, and reputation, etc. Approved suppliers are evaluated on a regular basis by the respective purchasing departments to ensure that the quality of products and services that the Group purchases are up to standard. Suppliers who are not up to standard for a prolonged period of time will be disqualified.

There was a total of 60 approved suppliers and all of them are located in the PRC during the Reporting Period. The Group has performed the annual evaluation of the suppliers in order to assess whether the suppliers have complied with the standards of the Group.

Product Quality Assurance

The Group complies with all relevant laws and regulations relating to products and services provided in the PRC which have a significant impact on us, including but not limited to the “Law on Doctors of the PRC (中華人民共和國醫師法)” and the “Regulations on Nurses (護士條例)”. Our professional medical team in the PRC comprises dentists, nurses and other allied health professionals, who are registered in accordance with the relevant healthcare administrative authorities in the PRC.

The management dean of each of our dental hospitals is responsible for the quality control of our services. We have weekly meetings comprising senior management members and dentists of each hospital and chaired by the management dean to update our internal guidelines and policies governing various quality aspects of our operations, including but not limited to employee handbooks, procedures for prescription, selection of qualified suppliers, handling of medical centre operation procedures and waste disposal.

To ensure the safety and quality of our dental services, we have established a comprehensive quality control system in our dental hospitals, comprising primarily:

- The implementation of standardised hospital quality control procedures across all of our dental hospitals, comprising primarily guidelines relating to the performance of our dental service procedures;
- The adoption of standardised operational procedures across all of our dental hospitals, which lay out step-by-step instructions and protocols for client services and for handling client complaints and other feedback;
- The implementation of centralised procurement. In addition, the approval of our procurement team at our headquarters needs to be obtained before we introduce any new medical device or service. We will not adopt a new device or service if we determine that it presents too great of a risk; and

- Recruitment and retaining of qualified medical professionals. Our dentists are properly trained and licensed in the performance of the relevant procedures, and are also knowledgeable in advising our patients as to the necessary treatment to achieve the desired results. We closely monitor the qualification registration and licensing records on a continuing basis to ensure that all our dentists comply with all applicable requirements under PRC laws and regulations.

Due to the Group's business nature, there was no product sold or shipped subject to recalls for safety or health reasons during the Reporting Period.

Our Products and Services

The Group values customer relations as they are integral to the success of its business. We pledge to offer quality after-sales service to our customers and take customer complaints seriously manner. Customers are welcome to provide feedback and express concerns through our customer service hotline or directly on-site through our frontline staff at the dental hospitals. All of the feedback and complaints are recorded in our customer complaint register, detailing information such as the cause of the complaint, the product concerned, follow-up actions, and results etc. By keeping track of all the complaints, we can ensure that our customers' concerns have been attended to accordingly, while implementing the rectifications in a timely manner.

The Group works to create a good client experience by providing quality products and services that suit customers' needs. We welcome feedback from our customers and provide them with various ways of solving their issues.

During the Reporting Period, 8 cases of the number of products and service-related complaints were received and all complaints have been timely solved.

Data Privacy

In order to build customer trust and loyalty, the Group has established measures to reduce the risk of employees leaking confidential information to outsiders.

Our "Confidentiality Policies" is to comply with the "Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法)", the "Data Security Law of the PRC" (中華人民共和國數據安全法) and the "Cyber Security Law of the PRC (中華人民共和國網絡安全法)". All relevant codes of practice and guidelines are issued to ensure that the information is collected for specific purposes and only designated staff has access to it. If any employee has been discovered of misappropriating customers' private data, the Group will take disciplinary action against the employee concerned and reserve its right to legal action. Moreover, our employees are given limited access to the company database depending on their job positions. Authorization is managed by the Information Technology Department of the Group, which will regularly review the internal IT system to ensure the safety of the Group's computer systems. Employees are strictly prohibited from modifying their computers without formal approval from the management. Furthermore, non-disclosure agreements are signed by the employees of the Group to ensure that they are aware of their legally binding obligations of protecting the confidential information of the Group.

Intellectual Property Rights

We have registered trademarks which are important to our business. We regularly monitor whether our trademarks are being infringed. We are committed to protecting intellectual property rights which we handle with great care during our daily operations.

During the Reporting Period, the Group complied with all laws and regulations related to intellectual property rights in Hong Kong and the PRC that have a significant impact on it, including but not limited to the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong), "Trademark Law of the People's Republic of China (中華人民共和國商標法)" and "Copyright Law of the People's Republic of China (中華人民共和國著作權法)".

Advertising

The Group recognizes the importance of compliance with regulatory requirements. During the Reporting Period, we complied with all relevant laws and regulations that have a significant impact on us, including, but not limited to, “Measures for the Administration of Medical Advertisements (醫療廣告管理辦法)” in the PRC and the “Advertisement Law of the PRC” (中華人民共和國廣告法) in order to prevent the public suffering from health issues through prohibiting or restricting advertisements which may induce the seeking of improper management of certain health conditions.

The Group strictly complies with the advertising requirements. All kinds of advertisements, such as leaflets or websites, are carefully drafted and avoid the use of false descriptions to mislead customers. All final drafts of the advertisement must be approved by our management before bulk printing.

Moreover, we have designated employees to monitor notices, news and information in the media in connection with tenders relating to dental services to ensure that we strictly comply with local laws and regulations regarding advertising and labelling.

During the Reporting Period, no confirmed non-compliance incidents or grievances were noted by the Group.

Anti-corruption

During the Reporting Period, the Group strictly complied with the “Criminal Law of the PRC (中華人民共和國刑法)” and “Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法)”. Employees are strictly prohibited from engaging in illegal activities, including but not limited to bribery, fraud and misappropriation.

Moreover, the Group formulated “Anti-corruption Management Policy” and “Anti-bribery Management Policy” which clearly sets out the procedures and channels for reporting corruption, bribery and fraud cases. As stipulated in the policies, all employees should immediately report any suspected fraud cases. In order to promote anti-corruption and anti-bribery in business, the policies strengthen the Group’s internal control mechanism and supervision in related to anti-corruption issues.

The Group has a whistle-blowing policy in place to encourage employees to report any suspicious fraudulent activities. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Therefore, the employee(s) reporting in good faith under this procedure shall be assured of the protection against unfair termination or victimization, even if the reports are subsequently proved to be unsubstantiated. A full investigation will then be conducted by the management in a confidential, disciplinary action will be applied to the employee involved upon confirmation of the occurrence, and further legal action may be taken depending on the nature and particular circumstances of each case.

The Group will actively combat any money laundering using public or private accounts and ensure that there are no corruption and bribery within the Group. If employees want to report any suspicious corruption cases, they can report to the relevant management by telephone, e-mail or letter.

During the Reporting Period, no legal cases regarding corruption or money laundering was brought against the Group or its employees, and no continuing aforesaid legal cases were noted or reported. The Group offers new employee induction training which includes training in relation to basic employee ethics, such as anti-corruption. The Group will closely monitor the regulatory development and will arrange relevant anti-corruption training for its employees and directors, where necessary.

Community Investment

The Group understands that the development of the enterprise depends on the support from the communities. Meanwhile, the Group has also shown the spirit of serving the communities where the Group operates and has been actively involved in community investment. The Group encourages its employees to participate and contribute to society as a sustainable business is dependent on the stability and well-being of its community.

As part of our efforts to fulfil our social responsibility, we actively provide voluntary dental assistance to the local community. Our social contribution primarily takes the form of free or discounted dental services and educational seminars. The social activities we held during the Reporting Period include “Dentists Role Play for Children (小牙醫活動)” which is a free dentistry lecture for children, “Free Consultation on Chinese Teeth Care Day (愛牙日義診)” which is a voluntary free dental consultation provided by us, “Dentistry Open Day” which the public comes to the dental hospitals and experiences the environment of our dental hospital and understands how we operate. We also occasionally offer teeth protection lectures and dental health lectures to schools and the local community. During the Reporting Period, there was a total of 160 employees of the Group provided 670 hours of volunteer services in total. The Group will continue to explore more community activities and contribute to the prosperity of the community.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Part A: Environmental

ESG Aspects	Related Section(s)	Remarks
A1. Emissions		
Information on the policies and 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.	Overview, Emissions, Greenhouse Gas Emissions, Waste Management, Water Management	
KPI A1.1 The types of emissions and respective emission data.	Emissions	
KPI A1.2 Greenhouse gas emission in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	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).	Waste Management	
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management	
KPI A1.5 Description of measures to mitigate emissions and results achieved.	Emissions, Greenhouse Gas Emissions	
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management	
A2. Use of Resources		
Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Efficiency, Water Management	
KPI A2.1 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).	Energy Efficiency	
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Management	
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Energy Efficiency	
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Management	
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging	

ESG Aspects	Related Section(s)	Remarks
A3. The Environmental and Natural Resources		
Policies on minimizing the issuer's significant impact on the environment and natural resources.	Energy Efficiency, Water Management, Environmental Protection	
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	
A4. Climate Change		
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	
KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	

Part B: Social

ESG Aspects	Related Section(s)	Remarks
B1. Employment		
Information on the policies and compliance with 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.	Employment	
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	The Team	
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	The Team	
B2. Health and Safety		
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	
KPI B2.1 Number and rate of work-related fatalities.	Health and Safety	
KPI B2.2 Lost days due to work injury.	Health and Safety	
KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	

ESG Aspects	Related Section(s)	Remarks
B3. Development and Training		
Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	
KPI B3.2 The average training hours completed per employee by gender and employee category.	Development and Training	
B4. Labor Standards		
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standards	
KPI B4.1 Description of measures to review employment practices to avoid child and forced labor.	Labor Standards	
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Labor Standards	
B5. Supply Chain Management		
Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
KPI B5.1 Number of suppliers by geographical region.	Supply Chain Management	
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.	Supply Chain Management	
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	
B6. Product and Service Responsibility		
Information on the policies and compliance with 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 method of redress.	Product Quality Assurance, Our Products and Services, Data Privacy, Intellectual Property Rights, Advertising	
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Quality Assurance	

ESG Aspects	Related Section(s)	Remarks
KPI B6.2 Number of products and service-related complaints received and how they are dealt with.	Our Products and Services	
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights	
KPI B6.4 Description of quality assurance process and recall procedures.	Product Quality Assurance	
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy	
B7. Anti-corruption		
Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	
KPI B7.1 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.	Anti-corruption	
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption	
KPI B7.3 Description of anti-corruption training provided to directors and staff.	Anti-corruption	
B8. Community investment		
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	Community Investment	
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment	
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment	

